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CONTENTS

THEATER FORCES

INTERNATIONAL AFFAIRS

- U.S., European Concepts of NATO Seen Divergent
(K. Feldmeyer; FRANKFURTER ALLGEMEINE, 27 Oct 82)..... 1

ENERGY ECONOMICS

DENMARK

- New Energy Minister Must Decide on North Sea Policy
(BERLINGSKE TIDENDE, 4 Oct 82)..... 3
- Consortium Extends Oil Exploration Onto Land
(BERLINGSKE TIDENDE, 26 Oct 82)..... 5

FEDERAL REPUBLIC OF GERMANY

- CDU Energy Program Focuses on Coal, Nuclear Energy
(WIRTSCHAFTSWOCHE, 15 Oct 82)..... 6
- Study on Use of Waste Heat in Steel Industry Published
(FRANKFURTER ZEITUNG/BLOCK DURCH DIE WIRTSCHAFT,
28 Sep 82)..... 9

ECONOMIC

BELGIUM

- Martens Defends Government's Economic Course
(W. Martens Interview; NRC HANDELSBLAD, 9 Oct 82)..... 11

Trade Union's Debonne on Economic, Political Issues (G. Debonne Interview; LE SOIR, 14 Sep 82).....	16
Employers' Spokesman on Economy, Investment, Wage Indexing (D. Janssen Interview; LE SOIR, 16 Sep 82).....	22
DENMARK/GREENLAND	
Trade Monopoly's Deficit Expected to Be Met by Denmark (BERLINGSKE TIDENDE, 20 Oct 82).....	29
FEDERAL REPUBLIC OF GERMANY	
CEMA Indebtedness to EEC Reaches Alarming Proportions (DEUTSCHE VERKEHRS-ZEITUNG, 2 Oct 82).....	30
DGB Chief on Relations with New Government (E. Breit Interview; RHEINISCHER MERKUR/CHRIST UND WELT, 1 Oct 82).....	31
FINLAND	
Government Submits Supplemental Budget (UUSI SUOMI, 11 Oct 82).....	38
FRANCE	
Underlying Economic Assumptions of 1983 Budget Discussed (F. de Witt; L'EXPANSION, 24 Sep-7 Oct 82).....	40
Further Details on 1983 Agriculture, Business Budget Revealed (LE MONDE, 3 Sep 82 and J. Vidal; LE ECHOS, 23 Sep 82).....	45
Funds for Creating Jobs Agriculture Budget Details	
ITALY	
Foreign Trade Institute May Open Office in Taiwan (G. Melis; L'ESPRESSO, 19 Sep 82).....	52
NETHERLANDS	
Trade Unions' Kok on Economic, Political Issues (W. Kok Interview; ELSEVIERS MAGAZINE, 18 Sep 82).....	54
NORWAY	
For Industry, Labor 1983 Expected to Be Crucial for Future (N. Ask; ARBEIDERBLADET, 26 Oct 82).....	66

SWEDEN

Palme Explains Economic Policy as Devaluation Takes Effect (DAGENS NYHETER, 12, 14 Oct 82; SVENSKA DAGBLADET, 12 Oct 82).....	68
Presents 'Crisis Plan for Sweden' Opposition Leaders React to Devaluation Paper on Economic Measures Devaluation Planned After Election	
Unemployment Reaches Four Percent, a Post-War Record (B. Ericsson; DAGENS NYHETER, 9 Oct 82).....	77
Industry Study: Upturn to Be Delayed Longer (J. Wifstrand; DAGENS NYHETER, 5 Oct 82).....	79
Industry Registers Increase in Incoming Orders in Summer (DAGENS NYHETER, 15 Oct 82).....	81
Briefs	
Industry Capacity-Utilization Stable	82

TURKEY

Turkish Labor Issue Debated by Kohl Government (B. Zarif; MILLIYET, 12 Oct 82).....	83
Turk-Is Submits Cold Report on Constitution (MILLIYET, 7 Oct 82).....	86
Liquidity Crisis Forces New Bank Interest War (K. Mortan; CUMHURIYET, 9 Oct 82).....	90
Proliferation of Banks, Personnel Surveyed (CUMHURIYET, 5 Oct 82).....	92

POLITICAL

DENMARK

Glistrup, Foe Agree to Remain in Factious Progress Party (S. Rodsgaard; BERLINGSKE TIDENDE, 27 Oct 82).....	94
Despite Setbacks, Glistrup Seen as Key in Schluter's Survival (M. Ehrenreich; BERLINGSKE TIDENDE, 14 Oct 82).....	95
Paper Views Recent Defeats of Glistrup in Own Progress Party (BERLINGSKE TIDENDE, 4 Oct 82).....	97

FEDERAL REPUBLIC OF GERMANY

FDP Split Resulting from Coalition Change (DIE ZEIT, 1 Oct 82).....	99
--	----

FDP Left Wing Opposes Change
Helga Schuchardt Interviewed

FINLAND

Briefs

Kivisto, Kajanoja on Helsinki List	105
------------------------------------	-----

GREECE

KKE Newspaper Provides Answers to Policy Questions (RIZOSPASTIS, 14 Oct 82).....	106
---	-----

Correct Decision to Remain in EEC Justified (OIKONOMIKOS TAKHYDROMOS, 14 Oct 82).....	110
--	-----

Reported Crisis Within KKE Analyzed (S. Khaikalis; OIKONOMIKOS TAKHYDROMOS, 14 Oct 82).....	112
--	-----

FRG, GDR Reportedly Refuse to Settle War Reparations Issue (TA NEA, 27 Sep 82).....	114
--	-----

SWEDEN

Palme Creates Inner Cabinet to Head Off Policy Problems (M. Ribbing; DAGENS NYHETER, 24 Oct 82).....	117
---	-----

TURKEY

Isik Blasts Constitution, New Political Order (MILLIYET, 11 Oct 82).....	121
---	-----

Turkish Bar Association Highly Critical of Constitution (CUMHURIYET, 3, 5 Oct 82).....	123
---	-----

Special Meeting Held
Bar Association Report

Provisional Articles to Constitution Assailed (MILLIYET, 20 Sep 82; CUMHURIYET, 20 Sep 82).....	132
--	-----

Toker Blasts Constitutional Articles
Articles Attacked by Legal, Labor Figures

Mumcu Sees Criticism, Rejection of Constitution as Not Subversive (U. Mumcu; CUMHURIYET, 3 Oct 82).....	136
--	-----

Erel Urges Assurances of Fair Referendum (T. Erel; MILLIYET, 7 Oct 82).....	138
--	-----

MILITARY

AUSTRIA

Military Maneuvers, Defense Strategy Viewed (E.A.K.; NEUE ZUERCHER ZEITUNG, 30 Oct 82).....	141
--	-----

DENMARK

Briefs

Submarine Order Seen in 1983	146
------------------------------	-----

FEDERAL REPUBLIC OF GERMANY

Projected 1983 Defense Expenditures Listed (WEHRDIENST, 4 Oct 82).....	147
New Attitude to Defense Discerned in Woerner's Speech (DER SPIEGEL, 25 Oct 82).....	152

FINLAND

Armed Forces Commander Sees Powers Increasing Baltic Concern (HELSINGIN SANOMAT, 19 Oct 82).....	154
Poll Finds Potential Widespread Support for a Green Party (UUSI SUOMI, 10 Oct 82).....	155

NORWAY

Officers Association Decries Lack in Air Force Support Force (AFTENPOSTEN, 22 Oct 82).....	157
---	-----

SWEDEN

Unsuccessful Sub Search Sparks Funds Debate Among Forces (H. Hamrin; DAGENS NYHETER, 24 Oct 82).....	158
Armed Forces Chief Acts to Ease Dispute Among Defense Arms (B. Lindstrom; DAGENS NYHETER, 24 Oct 82).....	162

GENERAL

FRANCE

Kourou Source Reports Timetable of Failed Ariadne Launch
(LA PRESSE DE GUYANE, 9, 10 Sep 82)..... 163

Planned Timetable
Events of Failure

GREECE

List of Foreign Delegations to KKE (Int) Festival
(I AVGI, 28 Sep 82)..... 168

Constant Press Attacks on Church Regretted
(I KATHIMERINI, 7 Oct 82)..... 170

Briefs

Delegation to Lebanon 171
Message to PRC 171
Chilean Secretary to KKE 171

U.S., EUROPEAN CONCEPTS OF NATO SEEN DIVERGENT

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 27 Oct 82 p 12

[Article by Karl Feldmeyer, datelined Bonn, October: "The Alliance Diverges"]

[Text] The recent address by American Ambassador to the FRG, Burns, to the Bundeswehr commanders sketched a merciless and alarming outline of the internal situation in the Western Alliance. It must have been the first time a senior representative of the U.S. Administration noted the dissension among the Allies with regard to almost all important political issues.

In his view, Americans and Europeans hold opposing opinions on the assessment of detente, the kind and seriousness of the Soviet threat, the question how to react to Soviet actions with regard to Afghanistan and Poland, the principles that should apply to trade with the East, and policy toward the Third World. The Allies are also divided on the "Alliance's reply to the threats to its security outside the NATO region proper, such as the Persian Gulf." Burns in fact notes the political division of NATO into Americans and Europeans with respect to almost all currently significant issues. Burns also states the cause as seen from the American standpoint: The global view--especially of the East-West relationship and the Soviet threat--held by Washington against the merely regional view held by the Europeans. The Europeans refuse to acknowledge that their interests are threatened by events arising outside the borders of the NATO region.

Carter's January 1980 proclamation of the Gulf region as a sphere vital to the defense and the interests of the United States now appears as the beginning of Washington's escape from the far reaching preoccupation with Europe and NATO. Washington thus aims to remove the dilemma described at the end of last year by former CIA chief Admiral Turner: While the United States was, in military terms, prepared for the most dangerous possibility of East-West conflict, that is a Soviet attack on Western Europe, the country was not prepared for the most likely case, that is the transition from a political crisis in a Third World country--Iran, for example--to open armed conflict. In July 1980 the platform adopted by Reagan and his party had clearly proclaimed the intention to confront the increased threat to U.S. interests, to strive for military superiority at least at sea and, at the same time, include "horizontal escalation" in the calculation. Horizontal escalation means the shift of U.S. military reaction from the actual site of challenge to a location that appears more suitable, for example from the Middle East--where the United States cannot build up a strike force superior to the Soviets--to Cuba.

In view of the shift in the strengths of Washington and Moscow, the Caribbean, southern Africa, the Gulf region and the Far East have been added to those regions where Washington considers a military commitment may be required in order to defend Western interests. As, despite all rearmament efforts, America does not have the power to dominate in these regions in the case of war and, at the same time, keep parity vis-a-vis the Soviet Union everywhere else, a three-pronged approach has been conceived: Measures to encourage the stabilization of the regions; the orientation of U.S. military potential mainly to the most likely site of conflict (the Persian Gulf) without losing from sight the most dangerous area of conflict (Europe), and finally the inclusion of the Allies and their potential in this wider ranging strategy. If necessary, Washington is resolved to exercise pressure on its allies--Europeans and Japanese--so as to motivate them to contribute in both material and political terms.

It is quite obvious that this American concept raises problems for NATO. The most evident though not the most important problem is that of Washington merging naval, air and land forces into a "rapid deployment force" for quick intervention in cases of conflicts outside Europe. Involved here are at least two aircraft carrier fleet units, two divisions and marine infantry at division strength as well as air units involving 400-600 aircraft. These used to largely be earmarked for the reinforcements to be kept available for Europe and will now be missing for the respective NATO planning.

More significant is Washington's wish for material and political contributions to their global strategy from the NATO Allies. This raises the question whether the Alliance is to be called upon to go beyond its original purpose. The Atlantic Alliance thus changes its aspect. In their dialogue with Washington the Europeans will have to divulge more than that which they cannot perform--if they wish to defend their interests vis-a-vis the main Ally as well as in their relations with the Soviet Union.

11698
CSO: 3620/62

NEW ENERGY MINISTER MUST DECIDE ON NORTH SEA POLICY

Copenhagen BERLINGSKE TIDENDE in Danish 4 Oct 82 p 10

[Editorial: "The Energy Policy"]

[Text] It was, of course a milestone that was reached in Danish energy policy last Friday when the Minister of Energy Knud Enggaard was able to inaugurate the opening of the first link of the Danish natural gas network within Naturgas Syd's area in Sonderjylland. So far, however, this only involves gas from the German company Ruhrgas and no gas from the Danish oil fields in the North Sea. During the first phase, there will only be delivery to a very limited number of consumers. But, for all practical purposes, natural gas has now made its entrance into the Danish energy supply distribution.

There is nothing to be said about the fact that the remarks the minister of energy made at the opening ceremony were restrained. The reality is in fact that the government has taken over a natural gas project in deep trouble. This applies economically as it is very difficult to see any advantages in the project. This also applies to organization and management, as the five regional gas companies and the state-run DONG [Danish Oil and Natural Gas], in continual disputes, have difficulties in reaching the necessary decisions, and where the cost--not least within Naturgas Syd--is galloping.

Even the president of DONG himself has acknowledged the uncertainty and doubt about the outlook of the project as it now appears. At the same time, however, he feels that it amounts to playing Monday morning quarterback if those who are responsible for launching the project are criticized on these bases. If such is the case, it must be stated, however, that the president has a very short memory, or he has been far away from the debates on energy policy. For it is a known fact that up to the decision to go ahead with the project in 1979, many critical voices were heard. Furthermore, critics later tried to arouse the attention of the minister of energy in order to have the project stopped or limited while there was still time. That was unsuccessful, although today it can be stated that the critics, in general, were right.

There is no reason to envy Minister Enggaard who now must live with what has been started and, moreover, must attempt to pull a number of other energy

policy chestnuts out of the fire. This, for example, involves the ambitious plans regarding state participation in the oil search in the North Sea and state commitment to the refinery operations. He also has to live with his predecessor's unplanned intervention in the decision of Elkraft, the electric cooperation in Sjaelland, last spring regarding the placement of an additional power station on Amager in favor of one located on Avedore, which has paralyzed Elkraft's decisionmaking, so that the power and heating supply in a large area is now uncertain.

It is to be expected that a new government will pursue a new energy policy in essential areas. It should not be possible for the central administration just to follow in the old footsteps. We, therefore, have great expectations from Knud Enggaard.

9580

CSO: 3613/10

CONSORTIUM EXTENDS OIL EXPLORATION ONTO LAND

Copenhagen BERLINGSKE TIDENDE in Danish Section III 26 Oct 82 p 3

/Text/ The DUC /Danish Subsurface Consortium/ will begin drilling for oil or gas on land again Tuesday after an interval of a year and a half.

After a good 6 weeks of preparatory work, an exploratory shaft is being started in Bjergeskov, at Sollested, between Maribo and Nakaskov, and after 40 or 50 days and an investment of 20 million kroner the drilling is expected to get down to from 2.5 to 3 kilometers below the surface.

This is the DUC's 18th shaft on land since A. P. Moller and associates started exploring Denmark's underground structure in 1965. Before A. P. Moller, a number of different companies had tried their luck 30 times since the middle of the 1930's, but up until now all of them had the same discouraging results.

However, on the occasion of the DUC's most recent drilling operations on land at Logumkloster in North Schleswig, which were concluded in the summer of 1981, very weak traces of oil were found, but by no means of such proportions as would make commercial exploitation possible.

The geological conditions in the structure into which DUC is now introducing its drills on Lolland are very similar to the conditions at Logumkloster, according to the seismic measurements, and that indicates the possible presence of hydrocarbons in the form of either oil or gas.

The drilling is being carried out by the West German firm Deutag, which carried out all the previous drillings on land for A. P. Moller and Shell, which is a partner in the exploratory work on land. The other partners of the DUC, Chevron and Texaco, are only interested in the consortium's offshore activities in the North Sea.

9266

CSO: 3613/15

CDU ENERGY PROGRAM FOCUSES ON COAL, NUCLEAR ENERGY

Duesseldorf WIRTSCHAFTSWOCHE in German 15 Oct 82

/Text/ The Christian Democrat energy politicians believe in the market forces. Federal Economics Minister Otto Graf Lambsdorff will not have any difficulty in having his opinions prevail in the new Federal Cabinet too.

"For an adequate energy supply we need all energy sources and the rational as well as conservative use of energy." That was the resolution adopted in early November 1981 by the delegates to the CDU Congress in Hamburg. "Wherever that is economically feasible," was the proviso attached by the rank and file representatives.

The market will see to it, that has long been the creed of Christian Democrat energy experts. When assessing the third revision of the energy program of the former social-liberal government, presented by Otto Graf Lambsdorff, then as now federal economics minister, Heinz Riesenhuber, then energy spokesman of the CDU/CSU fraction and now federal research minister, expressed the hope "that the market economic line of the federal economics minister will continue to prevail vis-a-vis the left SPD and FDP pressure." Nevertheless, the call for greater control of the energy market "continues to be topical."

Still, not even the Christian Democrats are quite devoid of the wish for government to influence energy guidelines. The Union energy policymakers will urge government aid especially with regard to coal.

Coal must "carry a substantial part of the burden involved in the necessary restructuring of our energy supplies and in meeting our future energy needs," said the members of a CDU study group in a report on coal. The CDU planners from the federation and the Laender, headed by Schleswig-Holstein Economics Minister Juergen Westphal and Heinz Riesenhuber, concluded that "this sector of the economy continues to require considerable subsidies.

State aid is to allow the German hard coal mining industry, currently plagued by slow sales, in the coming years to produce about 90 million tons annually. Investments for necessary replacement capacities are to be financed in part from public budgets.

In the long run, though, the Christian Democrats intend to wean miners on the Ruhr and the Saar from government financial aid. The study group stated in its report that it is the aim of CDU/CSU coal policy "to enable the hard coal mining industry to meet its energy and total economic tasks with a minimum of state intervention and aid."

Essen SPD Bundestag deputy Peter Reuschenbach surmises disaster for the mining industry. He claims to know that plans have been kept in the drawers of the Federal Ministry for Economics ever since summer 1982, according to which domestic hard coal output is to be reduced to 56-60 million tons per annum. While the SPD members of the former social-liberal government had totally rejected such a plan, Bavarian Minister President Franz Josef Strauss, for one, already called for finally stopping the policy of "priority for coal."

Rauschenbach's fellow party member, North Rhine-Westphalian Economics Minister Reimut Jochimsen, on the other hand, does not think that black flags will fly over the Ruhr in the foreseeable future. Duesseldorf CDU opposition leader Kurt Biedenkopf also describes the rumor of mine closings quite simply as nonsense.

The German hard coal mining industry is still unaware of the new Federal Government's plans for closing mines or drastic cuts in output. It will depend largely on the Bonn money bags. Since May last hard coal sales have dropped rapidly and are increasingly falling below output.

In the period May-September 1982 stocks have grown from 7 million tons to 20.8 million tons. They are thus coming perilously close to the peak stocks of 24.2 million tons recorded in March 1978.

The main reason for this is the underemployment of the steel industry at home and abroad. Steel producers here purchased 7 percent less coal, those in the EEC region as much as 31.3 percent less. The power plants, though using 6.1 percent more coal than in 1981, were unable to compensate this loss.

Nuclear energy is the second leg of Federal German energy supplies--as the Christian Democrats see it. It is intended to provide a rising contribution to the output of electricity in the sphere of base load. In the base load, power plants operate round the clock for about 6,500 hours per annum.

The Christian Democrats are avoiding any statement of the desired figures of necessary burning capacities that will have to be available in the coming years. "The actual new construction of nuclear powerplants," they say, "must correspond to the market forces consonant with the decisions arrived at by those who are responsible in the market." All the government has to do is to make sure that permit procedures do not take long. This demand--although not openly articulated--is addressed to both the Federal and Land Governments.

In the past Christian Democrat energy experts devoted particular attention to the development of the two advanced reactor types--rapid breeder and high temperature reactor. While, for example, former Research Minister Andreas von Buelow seemed prepared lately to shut down both sites because industry was unwilling to shoulder the increased costs to the extent required, and because no economically meaningful

subsequent projects were discernible, the Christian Democrats consider it "imperative as before to continue with the new advanced reactor types." At the same time, however, says the report by the energy study group, they also expect "industry and electricity supply enterprises to participate to a greater extent" in the costs of at least the breeder reactor.

The CDU/FDP Government also will have a program of encouragement for energy conservation. However, the Christian Democrats would like to get away from large-scale promotion and toward targeted subsidies for only such measures as are meaningful in terms of energy while not (yet) economical. Government encouragement is to help lower the threshold of marketing for new technologies and cheapen the connecting up of residential buildings to long distance heating.

These Christian Democrat ideas will find receptive ears in the Federal Ministry for Economics. When reformulating the so-called DM4.35 billion program--to be concluded at the end of this year--the officials in Otto Graf Lambsdorff's ministry have specially emphasized these two sectors.

In a CDU/FDP Government energy politics will continue to originate in the Federal Ministry for Economics. It is therefore likely that the wish of CDU energy politician Heinz Riesenhuber is going to be realized: "To guarantee the long-range stability of energy policy beyond a change in government."

11698

CSO: 3620/60

STUDY ON USE OF WASTE HEAT IN STEEL INDUSTRY PUBLISHED

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German
28 Sep 82 p 5

/Text/ Bonn, 27 Sep (VWD)--About 14 percent of current total energy consumption could be saved in the iron and steel enterprises if waste industrial heat could be used sensibly. This conclusion is reached by a study at Krupp, published in Bonn and supported with DM 1.4 million from the Federal Research Ministry. As further reported by the ministry, projections showed that more than 5 million tons of hard coal units could be saved in the iron and steel industry annually.

Federal Research Minister Andreas von Vuelow indicated that in the last 20 years the specific energy consumption of the German steel industry has indeed been reduced by more than 20 percent and the portion of the waste heat burden to the environment even by 40 percent. But as the study seems to show, this is still not enough.

For the Krupp steelworks in Bochum and Rheinhausen near Duisburg it was determined that from the total waste energy 20 percent is given off as waste gas, 21 percent through the cooling water, 24 percent through solid materials and 35 percent is released directly into the environment. Steelworks, rolling mills, blast furnaces, energy plants and sintering plants provided most of the waste energy. Temperatures suitable for space heating are present in 50 percent of the waste heat. In each case 24 percent of the waste heat is between 200 and 1,000 degrees Celsius or over 1,000 degrees Celsius.

Munich, 27 Sep (VWD)--Within a short time micro-computers have undergone further development not only technically, but also ergonomically. The viewing screens of the newer equipment are not only now equal to comparable data processing viewing screens, but in part they are superior. It is quite possible that in the near future all micro-computers will fulfill the ergonomic requirements, if not clearly exceed them. This is the conclusion of a study of the ergonomics (product adaptation to man and his work habits) of micro-computers by the Ergonomics Institute for Labor and Social Research in Berlin. Included in the study were four contemporary systems with a professional concept: Commodore CBM 8000, Apple III, Sirius I and IBM Personal Computer.

Brussels, 27 Sep (VWD)--The EEC Commission wants to support rational energy use through reimbursement of interest payments. According to a proposal made to the Council of Ministers by the commission, a total of 47 million ECU (1 ECU=about DM 2.35) should be included in the European budget for 3-percent interest reductions during the 5-year-period 1983 through 1987, of which 12 million ECU is for the 1983 budget and 35 million ECU for the 1984 through 1987 budgets. On request the subsidies may be granted for the following four types of investment: Development of long-distance heating networks, conversion from oil use to coal use, facilities to prepare coal for use outside of heating power plants and coking plants and exploitation of industrial, agricultural and household wastes. For long-distance heating systems it should be possible to grant interest subsidies for credit with terms of up to 10 years, and up to 5 years for other intended purposes.

9746

CSO: 3620/29

MARTENS DEFENDS GOVERNMENT'S ECONOMIC COURSE

Rotterdam NRC HANDELSBLAD in Dutch 9 Oct 82 p 15

[Interview with Prime Minister Wilfried Martens by Wynold Verwey]

[Text] Brussels, Oct--"I shall now speak with my blood in my mouth." So said the French-speaking socialist André Cools in the Chamber Building on the Wetstraat [Law Street] in Brussels when he was speaking early in February on the Special Powers Act, a law that would put the Christian Democrat Wilfried Martens in the saddle for the umpteenth time.

The special powers were needed to make it possible for the 46-year-old Martens sit out the rodeo of Belgian politics a little longer than the four cabinets he had used up in the previous 3 years. And even with blood in his mouth André Cools was not able to prevent Martens from making his fifth attempt without the socialists.

Now, a good 8 months later and 92 "special powers decrees" richer, Martens is a relaxed man. In his official residence on Lambermontstraat, Brussels, he juggles contentedly with favorable statistics and enriches his accounts with the narrative style of a successful woodsman. This behavior is in sharp contrast to his earlier reputation as "national bully."

But those were different times: the not so very friendly gentlemen from the International Monetary Fund were flying in and out, Walloon steel revolts were the order of the day, and Belgium was still the "sick man of Europe." Those gloomy times now seem to be definitively past, however. Martens has crossed his Rubicon and Belgium again has chances of survival.

Campaign for Survival

"I really believe that we are engaged in an economic campaign for survival," says Prime Minister Martens, "and if we did not carry on that campaign Belgium would drift to a much lower level. Within a few years we should no longer be among the 10 richest countries in the world. In that respect we are now engaged in a campaign that is of fundamental importance.

"We have dealt with the problem of the competitiveness of the economy by two measures: first, the 8.5-percent currency adjustment (the February devaluation--Wynold Verwey) and second, reduction of production costs, including wage

costs. Both of these factors had been steadily worsening since 1974.

"The monetary authorities had allowed the Belgian franc to fluctuate with the German mark and the guilder, but that--unfortunately enough--had not been accompanied by internal economic discipline. The two restorative operations, however, have now resulted in our regaining the position that we had in the 1970-1971 period."

Compared with, e.g., a year ago, the necessary changes have taken place in the Belgian economy. And there seem to be grounds for optimism.

Viewed juridically, Martens's legacy is derived from his predecessor Mark Eyskens (now minister of economic affairs), but politically from himself. The legacy was not to be concealed: a record rise in wage costs, sharply increasing bankruptcies (from 2,921 firms in 1982 to 4,133 last year), a national debt at the end of 1981 of 2,439 billion Belgian francs (68 percent of the gross national product, a rise of 58 percent over the year before), and a financing deficit of 15 percent of the same GNP.

Tidied Up

A number of the above figures have since been considerably tidied up. For 1982 the financing deficit will probably amount to "only" 12 percent, and for next year a percentage of 10.2 is predicted. In 1984 and 1985 Martens plans to reach a "comfortable" 7 percent. Moreover, the firms' production costs are rising less rapidly since it was possible this year to put the brakes on wage costs.

Economic experts now believe that the wage increases in Belgium are lagging behind those in the Netherlands and the FRG. Those factors have been translated both into higher profits for the firms and into lower price rises. And all of this means relative rest for the Belgian franc, although the exchange curve has been plagued with violent sneezing quite recently.

But there is little reason to hoist the Flemish Lion and the Walloon Rooster definitively now. Unemployment is rising steadily and now, according to the European Commission, amounts to nearly 600,000 persons, or 14.6 percent of the labor force. Moreover, the fine predictions concerning the financing deficit just last year have yet to stand the real trial by fire. Lastly, according to Minister Eyskens the foreign debt will increase next year and reach a level of 2,500 billion Belgian francs (nearly 70 percent of the GNP).

[Question] In that framework, how does Prime Minister Martens plan to make the currants show up in the economic porridge and to keep things moving?

Martens: We have established the main lines of the income policy for the coming years. We are now trying to get an agreement with capital and labor in which we want to maintain the competitiveness we have regained by not deviating from the weighted average of the economic balances of our trading partners. That average dictates that wage costs must not rise more than 7 percent in 1983. Definitely not.

My preference is for a central agreement with capital and labor in which the income changes for the coming years are stipulated. If such an agreement is not

possible, we will cut the knot by government measures and impose an agreement. If there is no success by October, we will even intervene with a special powers decree for 1983-1984.

. . .

The Special Powers. A phenomenon that evokes astonishment--and sometimes repugnance--especially outside of Belgium, but that for the country itself is really not so special. Historically a red thread of special powers and plenary powers runs through Belgium. In the many crises that the country has experienced this possibility has been resorted to repeatedly.

Martens emphasizes once more that in his case it is not a matter of plenary powers, since the Belgian parliament has not been sent home. "A parliamentary majority has transferred a number of legislative powers to us, and whenever such a majority ceases to exist we shall have to give back the special powers," he says simply.

Fruits

In February it was agreed with parliament that the Martens cabinet can proceed with special powers until 1 January. Within the framework of the law the government can, of course, take measures that last much longer, provided only they are set down on paper before 1 January.

[Question] Do you think the government's economic recovery policy has borne enough fruits so that you will be able to govern without special powers after 1 January?

Martens: Let me answer that question via capital-and-labor negotiations. If no acceptable result is produced by the end of October, theoretically two situations can arise. Either we go to parliament to have measures approved, or else the government can make use of its special powers.

Well, until 1 January we shall be in a position, if necessary, to use special powers. That is certainly useful until the end of the year, for one thing to regulate the future income policy. At the end of the year we shall draw up a balance sheet of what has been accomplished and what is still to be done.

On the basis of that we shall have to decide whether we can again follow normal legislative procedures--via initiatives--or whether on certain specific points special powers must still be retained. It all depends on the rest of the year, and an agreement between capital and labor occupies the most important place.

. . .

The prime minister feels that while in the long run cleaning up the public finances should have the highest priority, in the short term agreement--preferably voluntary--between capital and labor must bring about the necessary stability.

And he adds: "The most important thing is for politics to be able to work and for us not to get stuck either in endless parliamentary palaver or in enervation of the legislative proposals in the course of parliamentary debate. We can, on

the other hand, regulate negotiations between capital and labor: either there is an agreement, in which case we have the desired result, or there is no agreement, in which case we shall impose the desired effect."

More Important

[Question] A few weeks ago an employers' representative said that to him an agreement between capital and labor is not important, and that he attaches much greater importance to 1 January, when a decision will be made concerning the special powers. He evidently finds continuation of the present conditions more important than an agreement.

Martens: I do not share that view. For the effectiveness of the measures that must be carried out and for our image abroad, a central agreement is far and away the best solution. Our country's image abroad is naturally much better if it appears that a consensus can be reached on such fundamental questions. For that reason the government has said that an agreement between capital and labor is very important. And I should like to add that anybody that sabotages it or makes it impossible is assuming an extremely great responsibility.

. . .

Martens's intentions are clear. On the one hand he wants to consolidate the internal economic successes on a peaceful social (read "political") basis, and on the other he wants to improve Belgium's image abroad. The reason for this is obvious.

Martens: I feel that we are making Belgium one of the most interesting countries in the field of investments. In that respect an agreement between capital and labor is important, for in spite of all the misery the population's ability to work has remained intact.

The same is true of productivity. For years we have been confronted with the specter that Belgium would be split apart and that an annihilating social revolution was in progress in Wallonia. Well, none of that has happened, has it? So, if all this can be confirmed by a social consensus, that will be a powerful trump card.

Price Compensation [i.e., cost of living adjustment]

Martens will not show his hand in regard to his views on the future of the now dismantled price compensation. A month ago a note from Martens's cabinet colleague Alfons Verplaetse leaked out in which a plea was made for a gradual restoration of the most generous price compensation system that has ever been in force in West Europe. "Adjustment to the economies of our most important trading partners is impossible without reforms in our present system of indexing," is all that the prime minister promises.

[Question] Just after the February devaluation you said that Belgium was putting two thirds off on other countries by the currency adjustment and accepting one third on its own account by accompanying measures. Does that not make the restoration of Belgium's competitive position too dependent on the devaluation?

Martens: In a certain sense it does, but the accompanying measures (including a price ceiling--Wynold Verwey) have proved very important. And the fact that some of the measures can always be applied means that there will be no later devaluation. It was and is a one-time operation.

In addition, the balance of payments is being restored and we are taking the first steps in the direction of cleaning up the public finances. Those are the most important objective factors that determine the value of a currency. And they are the guarantees that we have that in no case will a second currency operation be carried out.

. . .

In that connection Martens explains that he would have liked to carry out a devaluation much earlier, but that in his previous coalition (with the Flemish and Wallonian socialists) he could get no agreement on the accompanying actions to be taken.

"I did not succeed," he says calmly.

"In the postwar period Belgium in social consensus built up the economy and brought about a great expansion. That consensus is even more necessary in periods of crisis when we must try together to overcome the difficulties. The drama of Belgium lies in the fact that for years we have been confronted with a common challenge, but that we are no longer capable of bringing our forces together. We must now fit into the European whole and get rid of the notion that Belgium can be an island."

8815

CSO: 3614/5

TRADE UNION'S DEBUNNE ON ECONOMIC, POLITICAL ISSUES

Brussels LE SOIR in French 14 Sep 82 p 2

[Interview with Georges Debunne, head of the General Federation of Labor of Belgium, by Guy Duplat, Pierre Lefevre and Luc Vandendriessche; date and place not specified]

[Text] To meet him, you would not suspect that Georges Debunne will be leaving as head of the FGTB [General Federation of Labor of Belgium]. Hard, resolute and precise as to his goals, he talks as if he were still going to lead his Socialist union into combat for years.

We first asked him if he would be at the social cooperation meeting between employers' groups and unions Thursday at Lambermont, an appointment that Martens V set with him.

[Answer] This is the never ending dilemma of the FGTB. If we don't go, they will say that we refused to talk and that we have no alternatives. When we go, they make us understand that there is nothing to discuss.

When I read the **statements** by Martens, Gol, etc., I am almost certain that this meeting is doomed to failure. The government has already established its limits: 7 percent maximum indexing, 10 billion to be saved from family allowances. What do they want from us then? That we **pass** on the expenses and the amount of the savings to other social groups? Out of the question. This is not real cooperation. Although I am convinced that it is doomed to failure, the FGTB will not make the mistake of not going. But if we find after the preliminary sessions that discussion is not possible, then we will leave.

[Question] But there must be some areas where it will be possible to negotiate?

[Answer] I don't see any. Even in reducing the workweek, the government has also set limits: firms' agreement and no increase in costs. We can't even talk about an increase in productivity.

[Question] The major point of the cooperation meeting will be the index. The FGTB is demanding a return to the automatic indexing of salaries and even compensating for the index lost in 1982. Is this realistic in the present economic situation?

[Answer] Let's not talk about compensating...

[Question] You've given up on that?

[Answer] We are going to explain to the government that the situation is incorrect. It has announced a 2.2-percent decrease in purchasing power for 1982, while in fact, as of 1 January and for all of 1982, workers will have definitely lost an average of 4.3 percent. We want to talk on the basis of this figure. In particular, to find out if this 4.3 percent can be used to reduce the workweek if there is no way to compensate for it.

[Question] And indexing?

[Answer] It must be resumed. Belgium has once again become very competitive. There is, therefore, no reason to penalize workers a second time; they have paid enough and gotten nothing in return. In addition, this competitiveness has been proved by a whole flock of studies. For the first time, we in the unions can cite the figures of the EEC, the IMF, etc. So I say, leave us alone with indexing.

Martens Has Made a Gigantic Mistake

[Question] But couldn't a reduced indexing to finance the reduction in the workweek be considered?

[Answer] But why is it always a question of indexing, when competitiveness has been restored and for years this was considered to be the best of things because it guaranteed social stability? Besides, automatic indexing imposes a common denominator for all salaries. Eliminating it would entail a lot of risks; not only would it be impossible to conclude an interprofessional agreement, but workers would also take whatever they could. It would be a jungle and anarchy in terms of salary.

As for the reduction in the workweek, we are simply asking that it be underwritten by sharing the productivity increase, now that profits, even those of the state, are increasing.

[Question] But wouldn't the combination of indexing and a reduction in the workweek be liable to cause serious problems for certain sectors?

[Answer] We never said that everyone had to wear the same suit. We are simply asking that the increase in productivity be used first to reduce the workweek, before any salary increase. Each sector would be free to work out its own individual methods. We are big enough to negotiate freely and to understand the problems of businesses.

[Question] Then you are advocating a return to the old system of cooperation?

[Answer] I advocate eliminating first of all the special powers that prevent any possibility of negotiating and concluding social agreements. They talk to us about the freedom to act. They should also talk to us about the freedom to

negotiate. We must not constantly club the workers with a policy of "stock achter de deur" (the stick behind the door). You cannot beat the dog constantly.

This policy is ruining cooperation. Why would owners agree to talk with us when they have already gotten everything they wanted before the cooperation meeting? I think that Martens has made a gigantic mistake in using this policy of special powers. He has made himself the protector of the owners and the owners are hiding behind him, knowing that if there is no agreement, the government will get out its stick. In this way, he will cause the scales to be tipped sooner or later.

[Question] Wouldn't a return to normal indexing put Belgium in an unfavorable situation compared with its neighbors?

[Answer] Among European unions, the Belgians were the last to resist in order to maintain purchasing power. Today, they are the ones who have fallen the lowest on the salary scale, but have climbed the highest in terms of competitiveness--to the extent that the Dutch Government will soon cite Belgian competitiveness to reduce salaries in the Netherlands. The same is true in Germany. The same approach and arguments are being used by Mitterrand, who will have to follow the tide. This is organized deflation. European unions are obliged to band together to break this vicious cycle. And Belgian workers are more inclined to set a bad example a second time.

The Attitude of the CSC [Confederation of Christian Trade Unions]

[Question] Do you have the resources to realize your ambitions? In Belgium, the united front fell apart. The strike movement of March failed. How can you reverse the current combination of forces?

[Answer] The actions conducted last February and March by the FGTB alone were not followed up by the Christian unions. This attitude caused worker disunity and as a result changed the relations between the forces in this country. In my opinion, it is the CSC's attitude at the next cooperation meeting that will indicate the desire to change the relations between the forces and the outcome of events.

That said, the workers, even the Christians, can be mobilized. Especially because they are even more aware than last spring. As for us, we will not make the same mistakes again.

[Question] The same mistakes?

[Answer] When a process is started at the FGTB, there is a regular phenomenon of an overflowing from the grass roots. To succeed, a strategy must be respected and applied to the letter to do harm [as published]. But at the FGTB, everyone wants to head the movement. Everybody, regionally and by sector, is anxious to get into action. We must learn lessons from this during upcoming activities.

[Question] An active winter then?

[Answer] I'm afraid so.

[Question] With or without the CSC?

[Answer] I have noticed that the united front is still very easy to form at the level of the firm, sector or region. Even between the Flemish inter-regional of the FGFB and the CSC there are often similarities and agreement on general national orientations. But once we reach the national level, there is a short circuit.

[Question] Does this short circuit have to do with people or with structures?

[Answer] I believe it has to do with people. It is said that we are linked to the Socialist Party. I don't see how that could be shown. On the other hand, the CVP [Flemish Social Christian Party] has a great deal of influence on the ACV [General Confederation of Christian Trade Unions].

[Question] Through what types of people?

[Answer] I will not mention any names, but there are some national leaders who are undeniably... People aren't everything, but there are some people who play an important role.

[Question] However, there is a sort of united front being formed for the Walloon plan?

[Answer] Until now, I have found myself confronted by a government and a national policy. In any case, I have noticed that despite all the good relations that exist in the Walloon unions, the leaders there don't accomplish anything. What is the power and real influence of Robert Dhondt on the national CSC?

I do not see any divergences between the position of the ACV and the national CSC. What is happening in Wallonia is somewhat due to a certain political motivation, but it has not led to any solutions.

[Question] The CSC has been using another strategy by pressuring the government's Social-Christian ministers. Isn't this the best strategy?

[Answer] Even while weighing my words, I must say that the leadership of the CSC does not currently want the fall of the Martens V government. They have renounced the use of the strike a bit quickly. And since they are also inferring that there is no political alternative, everything has been said. In fact, the Christian Democrats are using the FGFB, its strength, its methods and its impact to obtain certain things within the government. These same Christian Democrats do not play the same game when they are in the government with the Socialists.

That the Government Fall...

[Question] Do you want the government to fall?

[Answer] Absolutely. If it continues its policy of deflation and special powers, it will lead us right back to the thirties, with everything that means in terms of dangers at the international political level. Even with risks of war. It must go. Quickly.

[Question] In your opinion, what is the desirable government for Belgium today?

[Answer] Unfortunately, the combination of forces in this country is very funny.

[Question] Very funny?

[Answer] I have noted that the Socialists, when they were in the government, were always led into a sort of center-right politics. The Socialists never got Christian ministers (CVP or PSC), like the liberals do today. In addition, the influence of the CVP within the Flemish CSC is quite strong.

[Question] Is there an alternative?

[Answer] We are constantly told that we do not have an alternative. But when they want to talk, even when we were the first to arrive with our plan for action and reductions in the workweek, either we were taken for fools, or the owners slammed the doors, or, like today, they refused to discuss our proposals. It is easy to say that we do not have an alternative.

[Question] And the Socialist program?

[Answer] Let's say it meets 60 percent of our ideas. In any case, you must also know that when the Socialists come to power, speculation always takes over. They always talk about pressure in the street, but the pressure of financial circles, even though useless, is often much more serious.

[Question] Does the PS also seem to be following a policy that is more regional than national?

[Answer] As long as a national government remains in power, it would be dangerous to play the primarily regional card. The PS is perhaps putting a little too much emphasis on the policy of the future. I fear that this policy will not succeed because the national government will remain in any case. Besides, the ideal solution would be for the national power not to exist. There should be a European power and a regional power; we would have a clearer situation. That said, I understand the reaction that consists in placing all its hopes in Wallonia.

[Question] To conclude this political chapter, what is your reasonable hope in the current situation?

[Answer] First of all, all our activity is aimed at ending the special powers and returning to free negotiation. Second, I am not sure that this government can hold on. The scales are liable to collapse at some point.

[Question] Will this collapse come from a change in the combination of political forces or from union activity?

[Answer] In my opinion, more of a social, union and economic activity.

The Owners Must Realize

[Question] You have hardly talked at all about the owners, who are still the traditional negotiating partners of the unions.

[Answer] Owners are now doing everything to modify the combination of forces. At the FEB [Federation of Belgian Enterprises] there is a trend toward no more discussion with the unions, toward closing all the interprofessional and sectoral windows. This is an easy strategy, since the government takes all the responsibilities and cuts off all collective negotiation.

[Question] An irreversible tendency?

[Answer] I don't think so. I hope that there are leaders among the owners who must realize the danger of such a strategy. Otherwise there will be a bommerang and the pendulum will swing back. I repeat, by putting all his cards on the table before he even started to play, Martens had made a serious tactical error, because all the advantages, through his own fault, are in fact in the hands of the owners. It's no longer possible to continue the game.

9720

CSO: 3100/968

EMPLOYERS' SPOKESMAN ON ECONOMY, INVESTMENT, WAGE INDEXING

Brussels LE SOIR in French 16 Sep 82 p 2

[Interview with Daniel Janssen, president of the Belgian Business Federation, by Guy Duplat, Catherine Ferrant and Luc Vandendriessche; date and place not specified]

[Text] "Even if the unions don't do their job, business can do theirs." For Daniel Janssen, president of the Belgian Business Federation [FEB], 16 September--the Thursday when social cooperation begins--is not an important date.

He is thinking about 1 January and his eye is riveted on the ascending curve of renewed competitiveness, although its continued ascension seems to him to still be shaky. He has said that there is no question of returning to the indexing of the past, which was like morphine for the Belgian economy, or of accepting measures that, by increasing business costs, would be liable to "ruin" competitiveness.

President of the executive committee of the UCB [chemical company] and a member of the Club of Rome and of the mysterious Trilateral, Daniel Janssen tempers with experience his coherent, standard employer's statements, even if they are tinged with elements of modernism designed to relegate union members who still dream of "applying the policies of the sixties in 1980" to the camp of the hyperconservatives. He refuses to define an "employers' camp" to oppose that of the government and the unions. And we did meet with him before the publication in these pages last Monday of the interview with Debunne, with whom he in no way intends to have a heated discussion.

Limit the Field of Cooperation

No matter. The barriers erected by Janssen around the field of cooperation make as much of an impression as those put up by Debunne. A refusal to return to "normal" indexing, a refusal to make specific commitments on investments or employment, an appeal to the government to keep its salary increase forecasts under 7 percent in 1983 and an overture on reducing the workweek, on the express condition that efforts made by businesses cost them nothing.

These preliminary positions, even expressed covertly, from an observer's and expert's balcony hardly augur success for a cooperation in which everyone is supposed to "give" something.

The Beginning of the Economic Rebound

Out of a prudent respect when facing a government that, until now, has not behaved too badly in his opinion and, more important, when facing political leaders who have "the right to say what they want" and even to criticize employers, Janssen is hiding behind the "good" economic news that he is bringing us: an upsurge in exports, investments and, perhaps soon, employment.

Will this news impress the unions and, going further, the "millions of people" who, according to Janssen, share his desire to let firms work in peace? We will find out in the days to come.

No Matter What Happens, Firms Will Do Their Job

[Question] If you believe the preim minister, the competitiveness of businesses has now been restored. Last week, the middle class questioned this statement. What is the opinion of the president of the FEB?

[Answer] Belgian firms have once again become competitive. That is incontrovertible. In December 1981 their competitiveness was still deplorable. We were strongly penalized compared with our major competitors. But the measures taken by the current government have done a beautiful job since June 1982 of bringing our level up to that of the Netherlands and Germany. Continuing this policy until the end of this year should enable us to maintain our competitiveness.

[Question] Wouldn't that be doing a bit too much? Wouldn't we then be overcompetitive?

[Answer] No! We will be right at the level of our competitors. The problem that we face is maintaining this in 1983 and 1984. I would like to use a metaphor. Up to December 1981, the Belgian economy was a drug addict taking more and more morphine. This year, the patient underwent successful withdrawal. It would be ridiculous to give him huge doses of morphine again next year.

[Question] Let's stay with 1982 for the time being. What do you think of the royal decrees, which will very soon start monitoring the use by company boards of the salary moderation surplus? The monitoring of the "presents" given to the firms, as the unions say?

[Answer] The word "present" is ridiculous. In important problems of an economic, political and social nature, people do not give themselves presents. They do what they have to do. The prime minister himself said that he wasn't helping business because he liked the owners but because he had to act as he did.

[Question] But this monitoring? Are you afraid of it, and will it paralyze businesses?

[Answer] It seems entirely possible to me that the unions and workers in a firm will ask to understand the effects of these measures on their firms. This exchange of views is very good. But to want a forced monitoring is absurd. Besides, the government never wanted it. The obligation of using in a predefined manner the resources gained from a salary moderation was never planned.

I think that the economy operates more on the basis of stimulation and encouragement than through forced measures and punishments such as nationalizations, bankruptcies, and strikes. Firms must be stimulated to be dynamic. This is what I did myself last 16 March by asking them to get out of the trenches.

"Every Eminent Politician"

[Question] Gol, however, believes that despite these stimulants, businesses have stayed in their trenches.

[Answer] Every eminent politician has the right to say what he wants. What interests me, however, is the health of our economy.

[Question] For the moment, Belgian firms have in particular replenished their reserves?

[Answer] Businesses have actually lost a great deal of their equity. Many of them had been bled dry and could no longer take any risk. The turning point was 21 February, the day of the devaluation and the accompanying measures. At the time, I had imagined the following recovery scenario: The balance of payments and exports would improve in 1982, investments would rebound in 1983 and employment would recover in 1984.

[Question] Then you believe in Helmut Schmidt's equation: "Today's profits are the investments of tomorrow and the employment of the day after tomorrow."?

[Answer] Precisely. But I am surprised by the speed of the recovery, and I have some good news to tell you: Recent figures indicate that investments, which had been decreasing since 1974, are recovering for the first time now. In the first half of 1982, we invested 168 billion francs, whereas during the first half of 1981 investment had fallen to 158 billion. This improvement has come primarily from the better figures of the second quarter (91 billion compared with 84 billion francs).

[Question] Figures in current francs. In reality, if you take inflation into account, investments continue to decline...

Employment: No Promises

[Answer] In preceding years, investment was even decreasing in current francs. This good result is much more rapid than I had hoped. A survey taken by Fabrimetal of its members' plans for 1983 compared with 1981 also supports this. Preliminary estimates indicate that there will be an additional 20 percent investment! This definitely shows that business leaders are doing their job even if the unions are not doing theirs. And that is not all. Exports increased in the first half of 1982 by 17 percent compared with the first half of 1981. The deficit in our trade balance decreased by 10 percent compared with the first half of 1981.

[Question] If everything is going better more quickly, you could perhaps adjust your predictions to agree with those of the prime minister and promise an improvement in the unemployment level by the end of 1983.

[Answer] I never promised anything to anybody. I am not going to start now. But I think that investment will really take off again in 1983.

[Question] If the cooperation succeeds?

[Answer] I don't think that the two things are linked. Even if the unions don't do their job, business can do its job.

Seven Percent Is Too Much

[Question] Let's talk about this cooperation. It begins 16 September. Is this an important date for you?

[Answer] No. The important date is 1 January 1983.

[Question] But you already know what will happen on 1 January 1983. The government has already clearly laid out its intentions: cooperation or not, it will limit the increase in salary costs to 7 percent.

[Answer] Maybe, but this figure alone means nothing. If the rise in salary costs was weak at the beginning of 1983 and strong at the end, it would be catastrophic for 1984. And then, the government must clearly show that it wants to continue in the proper direction that it has taken. Up to now, its actions have been good, even if not perfect. Above all, it must avoid at any price a return to the indexing of yesteryear--the morphine injection--and any budgetary laxity. Confidence can be lost very quickly.

[Question] Can you accept the 7-percent increase in salary costs as a goal for 1983?

[Answer] No, 7 percent seems high to me. You must realize that the budgetary measures announced for 1983--a cut in the Maribel and a removal of the ceiling for social contributions--have already increased firms' salary costs by 2 percent. That leaves 5 percent for the salaries. But our two major competitors, Netherlands and Germany, are only increasing total salary costs by 4 percent. Seven percent is a lot more than 4 percent!

[Question] But didn't the government take into account all of our major trading partners?

[Answer] That's true. But should we follow Italy and France, which have weak currencies? If we do not want to devalue the Belgian franc again, it would be best to use the Dutch and German examples as inspiration.

No Preliminary Conditions

[Question] Do you think it is realistic to hope for a social consensus with a preliminary condition of limiting salary increases to only 2 percent?

[Answer] I haven't mentioned preliminary conditions or 2 percent. It's important to have a good agreement for 2 years. A good social consensus agreement would be very desirable, but it has to be a good agreement.

[Question] Isn't a good agreement one in which everyone gives up something?

[Answer] No, a good agreement is one that would lead to improving the national budget, employment and the trade balance in 2 years.

[Question] And purchasing power?

[Answer] I think that there are millions of people who think it is better to worry about youth employment than to raise salaries. Cooperation is possible if we accept the difficult combination of the oil crisis and the arrival of underdeveloped countries and new technologies. If the unions understand what is at stake, there will be an agreement, but if the hyper-conservatives that want to apply the policies of the sixties to the eighties prevail, then it will no longer be possible.

[Question] You are saying that the unions do not represent the wishes of the masses.

[Answer] You said it, not me.

[Question] This confidence that you are asking from them is a sort of blank check for 2 years, isn't it?

[Answer] Not a blank check, but the assurance of being able to work for 2 years to restore macroeconomic balances. Nothing would be crazier than to sign something condemning the Belgian economy to illness.

[Question] Isn't this cooperation between unions and employers in Belgium at a dead end? Doesn't the Belgian economy, for example compared with Japan's, suffer from the lack of a general agreement on goals and the ideal of the firm?

[Answer] But we spend hours cooperating within our firms, our sectors and our country! A remarkable consensus on the goals to be followed by firms does reign in Japan. But in that country there are two basic factors of

success that I admire and that are missing in our country. First of all, motivation, stimulation and respect for professionals. Here they are crushed by taxes and their purchasing power is pared away, although they work without watching the clock, 50 and 60 hours a week, and have major responsibilities.

[Question] You would like to see salary indexing for professionals restored?

[Answer] Why not! But we were talking about Japan. The other characteristic there is the positive attitudes of the unions, which understand and take on the goals of the firm. Whereas in our country, unfortunately, some of the union delegates and representatives feel obliged to oppose everything at any price. I am not a Marxist and I do not believe in class struggle. We must rebuild Belgium all together. Why couldn't we become a new Japan?

[Question] Us, all of Belgium? Including Wallonia?

[Answer] Why not?

Workweek: Innovate

[Question] Let's go back to the cooperation meeting. They will be talking about the workweek.

[Answer] Structuring the workweek is an important and complicated problem. It is very different from firm to firm and sector to sector. In any case, revising the workweek cannot mean any increases in salary costs. However, we have always been very favorably inclined toward part-time work. We also favor social innovation and we have responded favorably to the offers of the minister of employment, Michel Hansenne, to conduct experiments in the workplace. In sum, we are ready to accept appropriate measures, "made to order suits" if you will; voluntary, reversible formulas.

[Question] This is your contribution to the restoration of the social consensus, this overture on the workweek...

[Answer] It is not the only one... For example, we could try to encourage employment, especially the hiring of youth, and accept things that would complicate our lives as long as, I repeat, they do not hurt our competitiveness. Some of the unions back us on these points.

[Question] Do you have specific complaints against the unions?

[Answer] Not at all. I simply hope that they will think about the development of the Belgian economy and not only about salary increases, and that they seek to reduce the rigid rules that complicate firms' lives.

[Question] And if the social consensus does not come to pass, will you put up with the 7-percent salary increase proposed by the government?

[Answer] We are in a democratic country. The government is the one who decides.

[Question] And you have confidence in this government....

[Answer] I didn't say that. We appreciate the measures it has taken, even if sometimes we would have liked something else or something more. We hope in the future to have more reason to have confidence in it.

All Employers?

[Question] Do you believe you represent all employers, small and large, in the three regions?

[Answer] When I became president of the FEB this unity was one of my nicest surprises. I was expecting to have to smooth over conflicts. I found an extraordinary consensus.

[Question] When you see what is happening in regard to regional subsidies, is this really obvious? Although the Flemish employers (VEV) are asking for taxes on subsidies, the Walloon employers (UWE) are asking that a certain selectivity be maintained. Doesn't that present a problem?

[Answer] Here is the communith advocate speaking! I don't think that this difference in tone is that important. The unanimous FEB--VEV, UWE and UEB--recently submitted a memorandum to the government asking for a reduction in subsidies to firms and a replacement of what have been called expansion laws with tax incentives. I don't believe that the current position of the UWE is very far from that.

[Question] Do you agree with Eyskens when he wants to fundamentally revise the types of subsidies granted to firms?

[Answer] The past 8 years Belgium has embarked on a crazy and disastrous path of subsidies and aid to all firms. Precious billions were poured into doomed firms instead of being invested in sectors with a future. In 1982, the national government and the regions injected 150 billion in private and public firms: over 100 billion for public, less than 50 billion for private! This is crazy! A loss of substance! This aggravates the deficit in public finances and favors noncompetitive products. We therefore favor a gradual elimination of all these subsidies and their replacement with tax incentives.

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CSO: 3100/969

TRADE MONOPOLY'S DEFICIT EXPECTED TO BE MET BY DENMARK

Copenhagen BERLINGSKE TIDENDE in Danish 20 Oct 82 p 7

/Text/ The Danish government is presumably going to pay 46 million kroner of Den Kongelige Gronlandske Handel's crash deficit for 1982. A request for the money is on its way to the Finance Committee of the Folketing from Greenland Minister Tom Hoyem.

"The 46 million kroner are the part that is the result of the extraordinarily severe winter in Greenland," says Tom Hoyem, who has just returned home from negotiations regarding Den Kongelige Gronlandske Handel's deficit with the provincial government of Greenland.

But the Greenlanders themselves are also going to pay their part of the deficit, which is large. Effective Monday, the prices for oil, wine and tobacco in Greenland will be increased by 8.5 percent. The price increases are to be in force for the rest of the year and are to bring in 12 million kroner.

The last 7 million kroner are to be obtained during 1983, along with the 20 million kroner in the 1983 deficit, which is the result of a preliminary draft of the company's budget for that year in which the figures are unchanged from 1982.

Earlier, Tom Hoyem asked the National Auditing Department to look at the company's budgeting system. Until that investigation is concluded, no decision will be made regarding economizing proposals over a somewhat longer term--for example, reorganizing the supply service and eliminating a number of planning jobs.

The original 1982 deficit of 80 million kroner was reduced earlier to 65 million kroner owing to a new estimate of the exchange rate for the U.S. dollar, the elimination of a shipyard overhaul for one of the company's trawlers and a reorientation of the fishing operations of a number of the company's trawlers.

CEMA INDEBTEDNESS TO EEC REACHES ALARMING PROPORTIONS

Hamburg DEUTSCHE VERKEHRS-ZEITUNG in German 2 Oct 82 p 7

/Text/ CEMA indebtedness has reached a level that represents a considerable danger for the Western credit markets. This is the conclusion of German Liberal Representative Ulrich Irmer in his report on the relations between the EEC and the East European state commerce countries. The gross indebtedness of the East European states increased from \$8.4 billion in 1971 to \$77.1 billion in 1979. Private Western banks granted 69 percent of the credit and state institutions provided 31 percent. During the same time period the net indebtedness of CEMA states rose from \$6 billion to \$64.7 billion.

In Poland the debt liquidation rate is 92 percent. Estimates show 54 percent for the GDR, 38 percent for Bulgaria and 37 percent for Hungary. Romania and Czechoslovakia each must pay 22 percent and the USSR 18 percent. The debt liquidation rate is the percent of foreign exchange receipts from exports annually going to pay back principal and interest in foreign currency. Annual EEC imports from Eastern Europe amount to 6 to 7 percent of total imports. EEC exports to Eastern Europe average 7 to 8 percent of total exports. German-German trade is excluded from these figures.

In his report for the European parliament Ulrich Irmer summarizes the problems of trade with the East in five points: Autonomous imports policy must be supplemented with a common liberalization list. The EEC export policy should be combined with support for agricultural products and a common credit policy. A more effective response must be found to the dumping practices of the CEMA states. A common control system should oversee German-German trade. A code of conduct should be established for barter transactions.

9746

CSO: 3620/29

DGB CHIEF ON RELATIONS WITH NEW GOVERNMENT

Bonn RHEINISCHER MERKUR/CHRIST UND WELT in German 1 Oct 82 p 6

/Interview with Ernst Breit by Heinrich Rieker, RHEINISCHER MERKUR: "We Must Review the Social Network"/

/Text/Question/ Mr Breit, how great is your hope for good cooperation with the new Federal Government which has a conservative orientation?

/Answer/ I hope that we will arrive at objective and reasonable cooperation. I consider the problems facing us, which are in need of solution, to be so grave that my hope actually cannot be any other but that. What its actual shape will be, will depend very heavily on what policy this new government will formulate.

/Question/ A mountain of problems awaits the new government. The Lambsdorff paper as an outline of a solution encountered total rejection among the trade unions, but so did the cuts in entitlements which were last planned by the Social-Liberals. But there must be savings. How, in your opinion, is this to be done?

/Answer/ That there must be savings is a widespread view. We have not flatly turned away from this view. But we are of the unaltered position that the burdens to be distributed must be distributed in a manner that is even and socially just. As is known, the recommendations of the incumbent government for the 1983 budget were not able to satisfy us in this respect. Even less so Count Lambsdorff's paper which in its overall design is actually suited only to very seriously questioning of the social peace in our country. Beyond that, the question emerges to what extent more work, more jobs can be created through savings, and that is our chief concern. The basis of our position is that the current crisis situation--primarily as far as the budget situation is concerned--is decisively also caused by the fact that we have too many and increasingly more unemployed. These are not taxpayers, these people do not contribute to social insurance, but rather are recipients of benefits for whom the money must also be earned. We would consider it more reasonable to do everything to put these people back to work.

/Question/ But in the Lambsdorff paper is there not one point or another which might find favor in your eyes? For example, it is well known that the pupil BAfoeG /Federal Law for Advancement of Education/ is very often used by its recipients for the purpose of financing costly trips abroad, the motorcycle or even the compact car. Moreover, it must be recalled that the gradual introduction of the health insurance contribution for pensioners at six instead of four percent was nonetheless originally an SPD demand. Are these not two issues which might be discussed?

/Answer/ To be sure there are indeed points in the Lambsdorff paper which can be discussed. The problem is the totality of the paper, this is not discussable. This cannot even be cured by the fact that discussion of individual points is held. The overall design is neither discussable nor acceptable.

/Question/ Cutbacks alone cannot consolidate state finances simply because of political opposition. Income should also be increased. What ideas does the DGB have?

/Answer/ The DGB is of the opinion that it would be possible to increase national income, for example, by levying a tax surcharge on the recipients of higher incomes. Moreover, it is of the opinion that it would be possible to provide relief in this case through the introduction of a labor market tax for all those employed people who are not required to contribute to the Federal Institute for Labor, this, of course, with the express goal not of plugging up some anonymous budget omissions or other, but rather of providing for the elimination of unemployment.

/Question/ A labor market tax even for the self-employed who are after all excluded from unemployment support? Employment offices do not handle management jobs, but rather they place employers only if they become employees.

/Answer/ A labor market tax for all employed people who do not contribute to the Federal Institute for Labor would also include the self-employed. The idea behind this is that unemployment has basically not proven to be an insurable risk, but rather that an attempt must be made by society in its entirety to prevent unemployment, or if it has occurred, to eliminate it.

/Question/ The tax surcharge, however, has to make unemployment worse; it is hostile toward investment, and thus toward jobs.

/Answer/ I do not see why the tax surcharge should aggravate unemployment, but the billions in cuts in social benefits and other demand-promoting expenditures by the government are not criticized in this regard. The burden caused by the tax surcharge recommended by us is between 2 percent and a maximum of 3.3 percent of income. Physicians, dentists, brokers and other free-lance workers will pay this tax "from inside their change pocket." In the case of companies the profits taken out in the past few years have risen more than twice as strongly as the profits which were actually reinvested. This income migrates to liberal interest-bearing accounts,

chiefly in the United States. How, then, should this be hostile to jobs if the government brings back home some of these funds in order to invest them here in a way that promotes demand and employment.

/Question/ Do you believe a further increase in national indebtedness is necessary?

/Answer/ When measured against the national debt of other industrial nations one could say: That would certainly be a possibility. First of all, that would even be the better possibility if the money to be obtained in the process can be systematically utilized to combat unemployment. If, in retrospect, we ascertain that in spite of all efforts of whatever sort unemployment has nonetheless increased and we must finance it, and that could only be done by more indebtedness, then in our opinion that would be the worse way. Then we think it is better from the very outset in a systematic manner to use the means necessary for purposeful combatting of unemployment.

/Question/ What is the DGB's concept of an effective fight against unemployment? Do you want government employment programs?

/Answer/ Government employment programs, as recommended by the DGB--during the winter--, would not be enough to completely eliminate unemployment. But they could be suitable for altering the direction of development, that means, turning the direction away from increasingly more unemployed gradually into increasingly fewer unemployed. This measure can be an impulse-producing measure, it cannot solve the problem in its entirety.

/Question/ Are you not put off by the fact that in the past 10 to 12 years the state has pumped around DM80 billion into the economy without success in employment?

/Answer/ At least in many borderline cases it is extremely difficult to draw a line separating orderly state investment expenditures and those investments which knowingly result in a boost to the economy. When viewed that way naturally the sum of DM80 billion is not undisputed. But never mind: Who is saying that everything would not have gotten worse without support measures on the part of the state? For example, it can be shown that the medium-term investment program, called ZIP, and other employment-promoting infrastructure measures by the state at the end of the 1970's secured or newly created over 300,000 jobs. No funds were "squandered" either. Not least because of that we also can record a relatively better situation among industrial nations which are comparable to us.

/Question/ SPD federal group leader Peter Glotz recently conceded that the SPD had adjusted too late to the essential social- and economic-policy consequences of the current situation and thus had conjured up its own crisis and that of the government. In view of the economic realities he also called for the trade unions to change their thinking. What is your position to this call by the SPD politician?

/Answer/ In the trade unions there has been consideration for a rather long period of time, not just since today, about whether and, if need be, what changes are necessary in questions of social security. It is true, of course, that what we call the social network is, in essential parts, calculated to start with continuing rates of growth. If these rates of growth are absent and remain so for a longer period of time--and unfortunately in view of current findings about the situation and its possibilities for development this cannot be entirely excluded--, then, this clearly also requires a review of the concept of the social network. But this must be designed in a deliberate, systematic way and on a medium- and long-term basis. It must not be limited to taking a different step toward change every year which ultimately results in nothing more than making completely uncertain the people who are thus affected and who can no longer understand it. This applies, for example, especially to older people who submit to every change in their old-age care with a high degree of uncertainty, this all the more so if they cannot see how that will continue to develop over the medium and long-term haul.

/Question/ The social network should, of course, function right when the rate of growth shrinks and uncertainty increases, that is after all the meaning of the social network.

/Answer/ Yes, you are completely right. In such a difficult situation the social network must stand the test, but it must also be able to be financed for a longer period of time and, strictly speaking, permanently. And if conditions change, then it must also be possible to consider whether other things must be changed but not just in a hodge-podge or patchwork manner.

/Question/ The trade unions have painted investment control, nationalization of key industries, ban on lockouts, right to work, subordination of fiscal policy to the goal of social reforms on their banners. These are demands, therefore, which do not exactly suggest an untroubled relationship to the market economy. Do you think that the current economic and employment problems can be controlled with the means of the social market economy?

/Answer/ To judge on the basis of the result of all efforts to date, the social market economy is not in a position to overcome today's difficulties with its traditional means. Otherwise, it should actually have been possible to avoid our having gotten into such a situation at all--because in our country we do have something like a social market economy. The demands of the trade unions which you mentioned ultimately have no other goal than to realize the right to work and to provide for just distribution of jointly developed prosperity. Thus far the social market economy in our country has clearly resulted in the fact that employees, even when compared with employees in other industrial nations, can definitely establish receipt of a high, perhaps among the highest, equivalent value in the world for their work. We are fully aware of that. But a different result of this kind of economy is 1.8 million unemployed and no clearly recognizable prospect of fundamentally altering this situation, at least on a medium-term basis. If the market economy is not in a position to change this condition, the demands which no longer can readily be made to harmonize with presentments of market economists will surely take on far greater importance than in the past.

/Question/ Do you see no connection between record German wages and high employment?

/Answer/ No. Year after year, for example, one can check the expert opinion that job wages in the FRG have shown the slowest rise when compared on an international basis. That may surprise many people, but it is true. The wage level is something different from the increase in job wages. In this we are in fact also right at the top among Western industrial countries. But that is necessary and proper. For even in the level of productivity, that is in the performance level of the employees, we are the undisputed absolute world leader.

/Question/ Do you think that the AEG crisis can be attributed to a failure of the market economy, or has perhaps the market economy in this case not stood the test because according to its rules it has passed judgment on mismanagement?

/Answer/ I do not think that the AEG situation can be attributed to the rules of the market economy, rather perhaps to the failure of several market economists.

/Question/ Might it not be possible to save this conglomerate through purposeful partial wage sacrifice, similar to what happened at Chrysler in the United States?

/Answer/ I do not consider the partial wage sacrifice to be a suitable formula. Even the so-called wage sacrifice at Chrysler is definitely not uncontroversial. Also it would result in the fact that the employees would have to pay the bill which management caused. Surely that cannot be the meaning of market economy and would, if the market is functioning, also result in the fact that the qualified workers would first of all suddenly disappear at AEG and would go to competitive companies where the pay is better. In my opinion the AEG cannot be saved this way--quite apart from the fact that at the moment the competition also does not appear to be in a particularly good situation.

/Question/ Should the state help AEG, and then, why not also the small companies that have gotten into trouble?

/Answer/ It is clearly proper to raise the question, and there is the temptation to go more strongly for state help because of the magnitude of the AEG case than would be the case with a small or medium-sized enterprise. In this regard it will have to be stated that it is exactly the magnitude which makes it quite unlikely that in this case the balance can be established with market economy means on a short-term basis. This can perhaps rather be achieved in the case of small or medium-size companies, or at least anticipated. In principle, employees in a large company, as in the small and medium-size companies, if they are affected by unemployment for such reasons, are naturally in the same situation and basically with equal justification impose their demand on state and society.

/Question/ Does the crisis of Neue Heimat tax the confidence between trade union leadership and base?

/Answer/ Certainly the Neue Heimat crisis has not gone by the trade unions unnoticed. It is also not yet fully over, but will be variously further discussed in the trade unions. Moreover, a very serious and lasting effort will be made to cope with this crisis itself. It is not enough to shuffle executive positions, rather one must also come to terms with the economic results which the enterprises of Neue Heimat have to have. It is surely not an exaggeration if I state that several changes are required there. And people are in the process of introducing them. Beyond that, it is possible to proceed on the basis of the fact that in the future and at present control of the activities of Neue Heimat, starting with company management, will be more strict and intensive by the trade unions, by the employees than in the past--for a rather long time we have been realizing there the model of codetermination. This is also noted in the trade unions and will not remain without impact.

/Question/ In the case of Neue Heimat, has not codetermination failed?

/Answer/ No, codetermination in the case of Neue Heimat did not fail. Perhaps the opportunities, such as boards of directors in German companies generally have, failed. It is really not the only company which in the past few years has gotten into serious economic difficulties, rather we have a large number of similar cases where the boards of directors were likewise not able to prevent such a situation from arising. Perhaps it should be rethought in what way the functions and opportunities of a board of directors in the FRG must be changed in order, to extent that is even possible, to be able to recognize such developments earlier from the perspective of a board of directors and thus to be able to counteract them earlier.

/Answer/ Here, too, it is less a matter of the economic difficulties than of the conflict of duty and the unclearities which have emerged here in management of Neue Heimat.

/Answer/ What you have in mind with "conflict of duty," these are things which of course have passed through the press, but are presently still being investigated by an independent economic review company. A part of the results of this investigation is now available, and there can be no doubt that there were things going on there which I personally would not feel belonged unconditionally in the sector of good manners. But it has also become clear that this material legally can be very difficult to control. This is not made any easier by the fact that in part it has to do with events which are more than a decade old.

/Question/ Will employees once again have to figure on real income losses in the 1983 across-the-board wage increase?

/Answer/ I hope that they won't have to. But wage and pay policy is first and foremost the business of the individual trade unions and is taken care of by them in each case with consideration of the overall economic situation, but also of the economic situation in the individual branches so that it is not only not possible for the DGB chairman, but also looks bad for him, to answer such a question simply with "yes" or "no."

12124

CSO: 3620/26

GOVERNMENT SUBMITS SUPPLEMENTAL BUDGET

Helsinki UUSI SUOMI in Finnish 11 Oct 82 p 7

[Article: "Supplemental Budget: 90 Million Markkas to Valmet"]

[Text] On 8 October the administration submitted to parliament an unemployment alleviation supplemental budget amounting to 448 million markkas. Of that amount 90 million markkas has been allotted to the raising of the capital stock of Valmet.

The administration also decided that the remainder of the capital stock increase allotment, which amounts to another 90 million markkas. be included in the 1984 budget. The administration has agreed to grant government guarantees requested by Valmet for loans amounting to 700 million markkas.

The budget includes other proposals having an effect on employment and on enterprise activity such as Defense Ministry procurements from the metal industry and from small shipyards, increased employability retraining, developing a telecommunications network, and the construction of additional trade schools, communal homes, health centers, and specialized sick care facilities.

The State Railroad Administration was granted an increase for the procurement of 10 electric locomotives from the Soviet Union during 1982-85. The Suomen Vientiluotto export loan firm was granted an interest support authorization of 100 million markkas for the supporting of exports by the metal-working industries, and the supplemental investment assistances to communes will be increased. Increases are allotted also for assistance for repairs in the energy system.

The additional expenditures in the proposed supplemental budget are offset by a savings of 156 million markkas in the expenditures, an increase of 175 million markkas in the revenues from the stamp tax, and a new loan of 120 million markkas. The administration proposes an increase of 20 million markkas for repair activity in the energy economy.

An authorization for orders for basic procurements amounting to 7 million markkas by the defense establishment is proposed for the support of employment in the metal-working industry. An increase of one million markkas is proposed for payments that arise in 1982 from this authorization.

A procurement authorization of 30 million markkas would be granted for the continuation of orders for transport vessels by the defense establishment in order to promote employment in small shipyards. An increase of one million markkas is proposed for payments that arise in 1982 from this authorization.

A New Liaison Vessel

An increase of 7 million markkas is proposed for the procurement of vessels by the Maritime Transport Establishment in order to procure a liaison vessel for the southwesterly islands at Korpo.

Approval of an increase of 5 million markkas as assistance to the Kemira Oy in the preparation of peat bogs and an increase of 7.3 million markkas to the State Fuels Center for the conversion of peat bogs into productive condition.

Prices Frozen Until 15 December

Because of the currency devaluation decision, the cabinet at a special session on 10 October 1982 decided to freeze the prices of foods, medicines, essential fuels, new automobiles, household appliances, and construction materials until mid-December 1982.

During that time the prices of those goods can be raised only by permission of the Cabinet if it can be shown that the price increase will promote employment, production, or the availability of these goods.

The price freeze will cover slightly less than half of the prices that make up the consumer price index. The freeze is in effect retroactively as of 4 October, which means that no price adjustments are possible after that date without permission of the authorities.

This price freeze is more extensive in coverage than any of the previous ones, particularly in respect to fuels because this freeze includes such items as coke, anthracite, lubricating oils, and liquified gases, in addition to the customary fuels.

A more stringent surveillance of prices will be in effect during this freeze, until March 1983.

The Ministry of Trade and Industry stressed on 10 October that the so-called devaluation increase cannot be applied, for instance in the pricing of automobiles, before permission is granted by the cabinet. The same applies to the other products as well that are included in the price freeze.

The price freeze is almost complete in respect to agricultural purchases and construction supplies. The freeze applies also to the prices of the most important industrial intermediate products.

After the price freeze special attention has been given in the readjustment of the expanded price certificating procedure to those goods that have a notable effect pricewise on the amount of imports, or whose domestic prices have a significant effect on their export prices.

5955

CSO: 3617/11

UNDERLYING ECONOMIC ASSUMPTIONS OF 1983 BUDGET DISCUSSED

Paris L'EXPANSION in French 24 Sep-7 Oct 82 pp 78-81

[Article by Francois de Witt: "A Budget Too Good To Be True?"]

[Text] In the light of 1982's accomplishments, the 1983 budget does not seem too bad. But it includes accounting tricks and is based on bets.

No politician can resist the temptation of showing his good cards. On 30 September of last year, Laurent Fabius, minister of the budget, took three cards from his hand when presenting the 1982 appropriations bill: employment, recovery, solidarity. Less than 1 year later, in presenting the 1983 budget, he took two of the same from his hand again--employment and recovery--and lay down two new ones--economic strengthening and financial control. From that it should be concluded that the first round was poorly played; the Socialists' initial strategy (recovery through mass consumption) was ineffective. So something had to be done. The budget of enthusiasm was followed by the budget of rigor: receipts increasing by 8.7 percent compared with the 1982 appropriations bill, expenditures up by 11.8 percent, national ambitions limited to certain areas (research, industry, housing, youth training) in an overall austere environment. And as the balance for the entire operation, a little 118-billion deficit, exactly 3 percent of the gross domestic product. With the Socialists more than with their opponents, one is tempted to react like Saint Thomas: judge only by the written documents. Is Fabius' work that of a prudent manager or of a conjurer?

It must first be said that contrary to every expectation on the part of their adversaries, and even to their own surprise, the Socialists should just about meet the goals they set for 1982. There will be no deviation this year. How will they be able to do it, since the assumptions on growth (3.3 percent) and prices (12.9 percent) were nowhere near realized and, as is admitted on the Rue de Rivoli, "we operated with an open budget the first months of the year?" Just 3 months ago, didn't the budget office talk about a 200-billion deficit? These anxieties are no longer being mentioned. On the receipt side, the domestic tax on petroleum products (Fr 50 billion) and the income tax (160 billion) will meet their goals. But there was much less certainty about the VAT [value-added tax], which not only accounts for 43 percent of tax receipts but also faithfully follows general growth. With 1.5 points less growth, there will be 5 billion less from the VAT. But the performance of the budget this year

showed that up to April receipts were higher than predicted. Despite the current economic slowdown, the additional "point" of June (18.6 instead of 17.6 percent) means that the year's goal will just about be reached. As for tax receipts and special tax receipts, the tax on fixed charges will bring in only 2.5 billion of the 5 predicted, but (surprise, surprise!) 1981 profits were much higher than anticipated and corporate taxes will net 91 billion (including 6 for the Bank of France alone), instead of the 81 billion expected. This is a 15-percent increase compared with 1981. Lastly, since the French were, according to the notaries, richer than they thought, the tax on large fortunes should bring in the predicted 4.5 billion, even with the "manufacturing infrastructure" exempted.

There are also nice surprises on the expenditures side. The salary freeze for civil servants (who have received only a 3.1-percent increase since 1 January of this year) will keep the largest budget category within bounds (230 billion). In addition, the famous 15 billion "frozen" by order of Jacques Delors after the October 1981 devaluation has so far only been half used. However, with the price of money over 15 percent (when 13.5 percent had been budgeted), interest payments and the size of the national debt should have deviated from predictions. In reality, thanks to a financial trick--monthly payment (instead of payment upon emission) of two-thirds of the interest of Treasury bonds subscribed by the banks--Fr 4 billion were saved! Overall, no expenditure category will be significantly higher than predicted. And according to the budget office, the deficit should not surpass Fr 105 billion (compared to 95 budgeted).

The more than respectable figures for this year justify in part the figures proposed for 1983. But before absolving Laurent Fabius, we must look a little closer. First observation: Are the economic accounts on which the budget rests realistic? First let's take the standard of an 8-percent price rise between the beginning and the end of the year. It is unquestionably ambitious for a country like France. It may not be reached, despite a laudable effort to wean people from inflation. But the budget is relatively neutral toward this. If the growth in prices is higher than predicted, not only expenditures (especially operating ones) but also receipts (especially those linked to prices and salaries) will increase by an equal amount.

An error in predicting growth by volume could turn out to be much more costly. Predictions cannot be corrected by increasing the VAT one point each year. In this respect, the government's goal (a 2-percent increase in the gross domestic product) is optimistic without being farfetched. Among other things, it is based on a 1.6-percent increase in consumption by households, which, taking into account the new social charges and the strict maintenance of purchasing power, assumes a slight decrease in the rate of savings. No one can say if this will actually be the case. The official goal also implies a recovery in exports (+5.3 percent) due to the competitive advantage that our firms may derive from the last monetary readjustment but also due to a recovery by the economies of our major trading partners. All these assumptions appear fragile at the least. But to the extent that the estimates are nevertheless conservative, a downward revision will not have a determining impact on the overall deficit.

Going beyond the economic foundations on which the budget is based, what can be said of the structure itself? Its apparent solidity is due in part to accounting tricks, transfers of charges and bets.

--Accounting tricks. When identical amounts appear under both receipts and expenditures, why not simply erase them? It would change nothing in the long run but would allow the increase in the corresponding budget categories to be reduced by that amount. It is, more or less, easy accounting discipline. Laurent Fabius did not refrain from using it, by making the "VAT compensation fund" disappear. (This is the VAT collected by the Ministry of Finance on local community projects and then returned to these same communities by the Ministry of Interior.) Similarly, the tax on civil servants' salaries appeared under expenditures and receipts. The total amounts "erased:" Fr 12 billion, which means the increase in budget expenditures can be reduced 1.3 points (compared with 11.8).

--Transfers. When one does not want to pay (or cannot pay) oneself, there is a strong temptation to pass the burden to a third party, especially if this party is in the public sector and can only keep quiet. This is called "debudgeting." The government did not fail to use this tactic. On the other hand, it is true that certain expenditures were added to the budget; the state will now take the place of social security for the payment of allowances to handicapped adults (cost: 11.5 billion), but is giving 4 billion in retirement pensions to farmers. The cost to the budget--7.5 billion. So that these expenditures will not aggravate the bottom line, it was decided to make 100 percent of Treasury bonds (instead of 60 percent) payable at maturity (a savings of Fr 2 billion on the service of the debt) and to have the banking sector finance the loans of the Economic and Social Development Fund, an operation that reduces the budget deficit by Fr 7.5 billion. But even if these loans remain guaranteed by the state, they have to be financed; otherwise the credit structure is liable to collapse. As for the "Treasury bonds" operation (which is only the continuation of this year's), it will inevitably weigh on the banks' operating accounts. To strengthen the credit of the state, that of its new satellites is being weakened. That is the danger of this "piggybank policy." (See L'EXPANSION, 10 September 1982.)

--The bets. A good manager's quality is measured by his aptitude for winning bets. In the 1983 budget there are at least four that if not dangerous, at least seem risky. First of all, on the receipts side, 91 billion in corporate taxes has been forecast. Is this realistic? This year it seems that this figure will be attained. But what about next year? A 10-percent decrease in profits (Fr 9 billion lost) does not appear incompatible with financial analysts' current forecasts. In addition, with lowered interest rates the Bank of France will not provide a manna as it did in 1982 (6 billion in taxes and 5 in dividends).

On the expenditures side, three bets will be difficult to win: on operating expenses, subsidies to the public sector and social transfers. Operating expenses include the total of civil servants' salaries and fixed expenses--the famous "life style"--of the state. Together they should only increase 8.4 percent, an achievement that has not been seen since 1967, a year in which the average price increase was 4.6 percent (compared with 8.9 percent forecast

for 1983). In sum, with double the inflation rate, Laurent Fabius hopes to do as well as Michel Debre, the austere chancellor of the exchequer of the time. To reach his goal, he is counting on maintaining fixed expenses (trips, documents, receptions, official vehicles, etc.) at the same level in current francs, but these items account for only about Fr 25 billion, or barely 9 percent of the 285 billion in operating expenses. The budget has scheduled a 9.2-percent increase for civil servants' salaries, an increase in the average salary of less than 9 percent, once the 13,000 planned hirings are taken into account. This means one of two things: either the government implicitly admits a decrease in purchasing power for its employees (because of the unemployment payment), or it is planning on a strong end of the year catching up for 1 January 1984 (which will go on next year's budget). A 1-percent deficit in this budget category will worsen the deficit by Fr 3 billion.

In the name of the recovery of productive investment, there are great plans for the enlarged public sector. The approach is both irreproachable in theory and enticing in its voluntarism. Nine billion in capital subsidies (because of internal rivalries it has not yet been made public how they will be allocated) will go to national firms in the competitive sector, but 30 billion (in operating subsidies, capital subsidies and retirement pensions) will go to the SNCF alone! In 1983, the long-term nationalized entities--the railroads, EDF [French Electric Company], RATP [Parisian Independent Transport System] and French Coal Board--will cost the most, especially since pressure will be put on their rates to concur with the standard price increases. It should be added that unlike last year, the cost of reimbursing compensatory bonds has not been included, and a rough calculation puts it at Fr 10 billion. "Several billion" of this are supposedly included in state "interventions," but the royalties paid by Thomson and CGE [French General Electric Company] are also being counted on to close the gap. A deviation in this area is quite possible, especially if interest rates remain high.

In a Climate of General Austerity

The last bet that will be difficult to keep is the financing of the social systems--health, unemployment and old age insurance--whose forecast deficits even haunted Raymond Barre's dreams. It was partly to cut the ground under Pierre Beregovoy, minister of social affairs and national solidarity, and his allies (in this case the FO [Workers' Force] and the employers, who favored putting social changes in the budget) that the release of the next appropriations bill was moved up 15 days. In Laurent Fabius' office it was definitely decided to stick with the positions of 1 September: 31.5 percent more in 1982 to combat unemployment (the size of this effort deserves to be emphasized); 2 billion to aid the textile industry; 3 billion for solidarity contracts; and 7.5 billion to cover the forecast debt in health insurance. In all, a Fr 115-billion contribution to the country's social budget. "We have gone to the limits of our possibilities," it was readily stated on the Rue de Rivoli. And it was added that "the primary effort should emphasize a reorganization of benefits (guaranteeing resources costs too much) as well as an increase in payments." You can bet that in a general atmosphere of austerity sanctioned by an effective decrease in purchasing power, such statements will receive a fresh welcome, particularly from some of the administration's allies.

In 1983, more than ever, the administration's determination will be judged on its ability to resist the assaults of social solidarity. Despite everything, the administration has one reserve weapon, the famous frozen credits, which next year will reach Fr 20 billion and which could possibly be used to compensate for some of the largess distributed elsewhere.

The Long Distance Run After the Disheveled Spring

At the end of 1 year, the third "Socialist experiment" of the 20th century has led to an attempt to have a balanced, rigorous budget. Compared with the "digressions" of 1936 or 1956, two new phenomena are completely changing the rules of the game. First, on an institutional level, the guarantee of duration. It is no longer possible to please ourselves and to redistribute the wealth while saying, "Trust in God, parliament will decide!" The disheveled sprint of 1936 is being followed by the long distance run of a 5-year legislature. Frenchmen of 1982 would not understand it if Francois Mitterrand sent his deputies back to their voters early on the pretext of illegality. The president, like his administration, is therefore obliged to build in cooperation with public opinion and (this is the second totally new factor) with the famous "international financial circles." Cynical, stateless, fickle perhaps; nevertheless, it is difficult to manage an open economy without considering their point of view. We can only hope that this 1983 appropriations bill--both reasonable in its design and imaginative in its priorities--will not come at a time when the confidence of our trading partners has been irretrievably shaken. Good copy is worthless when it is submitted too late.

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CSO: 3519/29

FURTHER DETAILS ON 1983 AGRICULTURE, BUSINESS BUDGET REVEALED

Funds for Creating Jobs

Paris LE MONDE in French 3 Sep 82 p 22

[Excerpts] Final expenditures are increasing 11.8 percent in the 1983 appropriations bill, much less than in 1982 (+27.7 percent in the initial budget for this year compared with 1981).

This spectacular drop is explained primarily by the change in two categories: that of the national debt, which is increasing by only 8.75 percent compared with 42.2 percent in 1982, and the drastic reduction in operating expenses, which are increasing by 8.4 percent, which, if price increases are taken into account, constitutes a stagnation by volume. As for the first point--the size of the national debt--the announced reduction is explained by a very optimistic view of the change in interest rates (the size of the 1983 debt is calculated on the assumption that interest rates will be brought down to 11 percent) and on a change in the treasury bond system, which finances a sizable portion of the budget deficit. The interest, which until now was payable on subscription, will be paid monthly or even at maturity, thus postponing an expense of about Fr 5 or 6 billion until 1984.

As for the rest of the budget, intervention credits have increased by 16.5 percent and equipment credits by 12.5 percent (in payment credits), but by 22 percent in terms of program authorizations.

Military expenditures will increase a total of 10 percent in value, decidedly less than in 1982 (+17.2 percent compared with 1981). Military equipment expenditures are increasing by only 8.3 percent, which, taking into account the rise in prices, corresponds to a complete standstill by volume.

The "under the line" budget, which for the most part outlines lending activities that the state has agreed on for public firms, primarily through the FDES (Economic and Social Development Fund), has shrunk considerably. The negative balance of these activities (loans surpassing the amount reimbursed), which hit Fr 11.6 billion in 1982, has fallen to Fr 2.6 billion. This change is explained by the new concept the government has of its tasks--having nationalized large industrial firms, the state should behave like a model stockholder. It has, therefore, decided on increases in capital: Fr 11

billion in 1983, of which 9 have been put under general expenses and 2 under transportation (SNCF) [French National Railroads]. These Fr 11 billion should be added to the Fr 5.5 billion in capital subsidies already included in the 1982 budget (of which 3 billion were in the additional credits of spring 1982). All of these figures are included in the "above the line" budget, i.e., in final operations.

On the other hand, the state believes it should no longer be a lender and is reserving this role for banks and financial institutions. In one stroke it has, therefore, removed from the budget some Fr 8.5 billion in FDES loans, reserving for itself only the possibility of guaranteeing certain credits (the cost of the guarantees is included in the final operations budget) of an amount that it will set. In 1983, FDES loans will be cut to Fr 1 billion.

The Ministry of the Budget says that it has no desire to remove items from the budget just to artificially deflate expenditures and reduce the deficit of the state's accounts. It provides as proof the budget's takeover of Fr 11.5 billion in allotments to handicapped adults, until now handled by social security. Even if you consider the transfer of Fr 4 billion in expenditures to the national fund for family assistance, which until now was included in the budget, there is still a balance of an additional Fr 7.5 billion for the state.

Credits Established by Ministry: Great Selectivity

In general, the credits of most ministries are increasing only slightly or are even standing still compared with 1982. The figures given below are increases in value for one year compared with the other, which means that the increase in prices (at least 8 percent) must be subtracted to get the increase by volume: +9 percent for agriculture, +14 percent for national education, -6 percent for the environment, +15 percent for interior and decentralization, +12 percent for justice, +10 percent for maritime affairs, +7 percent for cooperation, +3 percent for youth and sports and -4 percent for tourism.

A few budgets, however, have been treated favorably: trade and crafts (+29 percent), culture (+17 percent), industry (+24 percent), planning and development (+53 percent), research and technology (+21 percent), general and diplomatic services of external relations (+36 percent), general services of the prime minister (+28 percent), civilian aviation (+19 percent), external transportation (+17 percent) and housing and urban affairs (+18 percent).

Reassignment of Expenditures: A Committee for Savings

The life style of the civil service will be reduced by 8 percent in real value, since most expenditures will be holding steady by volume. In addition, a "standing committee for budgetary savings" will be established. Having five members under the chairmanship of the minister of the budget, it will include the chairmen of the finance committees in the National Assembly and the Senate, the commissioner of the plan and the director of the budget. It will look for possible savings in budgetary management and ways to be more efficient with public expenditures.

Modernization of the Productive Infrastructure: Industry Increasing Rapidly

The civilian research budget is increasing by 17.8 percent in volume and 28 percent in value.

Subsidies for developing the electronics and data processing sectors have tripled, going from 640 million in 1982 to 1.8 billion in 1983. Within these credits there is a 500-million capital subsidy planned for CII-HB [CII-Honeywell Bull]. Resources slated for developing aerospace programs went from 2.1 to 2.8 billion (+33 percent). Credits for the space program (developing Ariane, the Spot satellites, etc.) have grown by 24.5 percent (Fr 2.3 billion in program authorizations). The increase in credits for developing solar energy is 30 percent (363 million in 1983), and the electronuclear program will be continued. The development of biotechnology is being strongly encouraged.

Aid to industry in the form of capital subsidies will amount to 11 billion francs in 1983, of which about 7.5 is for industrial firms in the competitive sector and 2 billion is for the SNCF.

Budget aid in the form of operating assistance is being maintained: Fr 14.5 billion for the SNCF (+10 percent compared with 1982), 2.9 billion for the RATP [Parisian Independent Transport System] (+23 percent) and 5.2 billion for CDF [Franch Coal Board] (+26 percent).

Housing: Priority to the Rental Sector

The rental sector will be favored in 1983. Planned credits will allow a program of 70,000 assisted rental loans. Priority will go to renovating old residences so as to improve the living conditions of the most underprivileged. In addition to the budget credits, credits from the special fund for large-scale works will be used for this. Over 200,000 housing units may be improved in 1983 compared with 142,000 in 1982 (+40 percent).

A sizable effort will also be made in the area of property ownership: 150,000 loans may be granted.

For potential owners with substantial resources, official loans with favorable conditions will be proposed by banking institutions. These loans could lead to granting personalized aid for housing (APL), which will have its credit increased by 46 percent.

In all, the number of housing units directly aided by the state will increase by 10 percent (not including official loans), with an increase of over 40 percent for improving housing.

Urban Transportation: Improvement

The 1983 budget includes a special emphasis on improving the quantity and quality of urban transportation. Budget credits will go from Fr 780 million in

1982 to 850 million in 1983. In addition, there will be a portion of credits from the special fund for large-scale works, which will total 750 million. This means a doubling of credits for urban transportation.

An effort of similar size will be undertaken to improve the urban road system (Fr 1.8 billion in 1983 compared with 1.2 in 1982, including the special fund for large-scale works) and the country road system (1.8 billion, a 43-percent increase compared with 1982).

State Aid to National Firms
(in millions of francs)

<u>Sector and company</u>	<u>1982 (Initial Appropriations bill)</u>	<u>1983</u>
Energy:		
EDF <u>[French Electric Company]</u>	-	-
GDF <u>[French Gas Company]</u>	350	-
CDF <u>[French Coal Board]</u>	5,160	6,500
Transportation		
SNCF <u>[French National Railroads]</u>	14,560	18,078
RATP <u>[Parisian Independent Transport System]</u>	3,636*	3,754
CGM <u>[General Maritime Company]</u>	607	934
Air France	490	735
Paris Airport	-	-
SNCM New Company for Mechanical Construction	399	472
Industry:		
SNIAS-SNECMA <u>[National Industrial Aerospace Company - National Aircraft Engine Study and Manufacturing Company]</u>	100	-
Renault	1,000	500
New nationalized sector and state chemistry	-	6,800
Miscellaneous	400	400
Total (excluding pension expenses)	26,702	38,173
Pension Expenses:		
SNCF	10,108	10,894
CDF	6,715	7,767
Grand Total	43,525	56,834

*Including an FDES loan of Fr 600,000

New Jobs

<u>Ministry</u>	<u>1983 appropriations bill</u>
Agriculture and agribusiness	+ 106
Culture	+ 117
Economy and finance	+ 2,572
National education	+ 5,834
Interior and decentralization	+ 1,992
Justice	+ 568
Research and technology	+ 18**
External relations	+ 2
Services of the prime minister	+ 91
National solidarity, health, labor	+ 192
Leisure	-
Transportation	+ 519
Urban affairs and housing	-
Miscellaneous	+ 175
Defense	+ 670
Total in the general budget	+ 12,856
PTT--Post, telephone, telecommunications	-
Miscellaneous additional budgets	+ 2
Grand total	+ 12,858*

*To which should be added 4,454 appointments and 8,292 normalizations (7,500 of them in the PTT).

**To which should be added jobs not in the budget (research institutions) and "research" jobs established in other ministries

Agriculture Budget Details

Paris LES ECHOS in French 23 Sep 82 p 2

[Article by Jean-Philippe Vidal: "Dividing the Shortages"]

[Text] Because it is necessary to stabilize the economy, it has been known for several weeks that the 1983 agriculture budget would be a budget of austerity. The release of what in technical jargon is called the "blueprint" confirms this. The priority that was supposed to have been given to "green oil" these last few years is turning more and more into wishful thinking.

However, such a judgment should be qualified. The current administration is not the one that began to nibble away at agricultural expenditures; the former one had already more or less discreetly begun this.

In addition, transfers of credits from one ministry to another make each comparison more difficult than before. This is particularly true for the rue de Varenne which saw some Fr 650 million under the heading of "decentralization" leave for the Ministry of Interior and saw the credits from the department for the elimination of fraud go to the Ministry of Consumer Affairs. If the budget is corrected for these transfers, i.e., if the budget is examined in terms of a constant structure, it has increased a bit more than 10 [published as "10J%"] percent for ordinary expenditures and 13.22 percent for program authorizations.

The "Reassignment"

On the other hand, it would be incorrect to claim that the ministry has not tried to divide the shortage as best it can. Certain priorities were defined. The sum for subsidizing young farmers is increasing almost 80 percent, which, according to the ministry, should result in close to a 40-percent increase in the number of subsidies. The establishment of offices by product has led the administration to favor public intervention in certain markets. This is true for animal husbandry and credits for foreign sales promotion.

Social expenditures is another area on which the government experts have focused their attention. The public subsidy to BAPSA [Annex Budget for Agricultural Benefits] has increased by nearly 13 percent, which will mean a less rapid increase than last year in contributions paid by farmers (16.5 percent and 13 percent for small farmers compared with 21 percent).

That being the case, and even though Edith Cresson tried to limit the damage (a "reorganization" of the allowance system brought the budget credits to a growth rate of 5.4 percent compared with 16 percent last year), it is still a meager budget and, for lack of anything better, the old technique of reassignment will have to be used.

It will be noted first of all that agricultural expenditures (Fr 34.2 billion, including the transfers) are increasing less rapidly than others. While the general budget is increasing by almost 12 percent, agricultural expenditures are increasing by only 10 percent and by only 9.7 percent if all categories are taken into consideration. This means that agriculture's share in the budget continues to decline.

A Drop in Payment Credits

In addition, the very structure of the budget is hardly more satisfactory than before. Operating expenditures have increased more (+10.3 percent) than equipment expenditures (+9.7 percent), which, however, have an impact on the future. Aid to support markets has been increased only 7 percent overall. Moreover, some categories that are increasing in program authorizations are falling dangerously in payment credits. This is true for agribusiness (-9.7 percent for the POA [prime d'Orientation agricole]: agricultural subsidy allocation] but also for hydraulics and regrouping of land (in all, payment credits will fall by 12.52 percent), which means we are far from the commitment made by Raymond Barre to grant 5 billion over a 5-year period for equipment expenditures.

In addition, the transfer by the state of a large part of the allowances (650 million) to the agricultural credit bank is liable to make loans more expensive. It is understandable, therefore, that the agricultural world is giving this dwindling budget a poor welcome.

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CSO: 3519/17

FOREIGN TRADE INSTITUTE MAY OPEN OFFICE IN TAIWAN

Rome L'ESPRESSO in Italian 19 Sep 82 pp 39-41

[Article by Giorgio Melis: "The China We Prefer"]

[Text] In Rome there is a lobby acting in favor of Taipei. The ICE [Institute for Foreign Trade] will soon open an office on the island.

Rome--President Reagan has yielded to pressure from Beijing and pledged to reduce, and ultimately cut off, arms supply to Formosa (Taiwan). However, Taiwan is too important to the Pentagon's strategy in the Asia-Pacific area to be abandoned to its own devices. It is easy to foresee that despite the official pledges American arms will continue to arrive there by roundabout routes, not excluding through Italy. And if not American arms, sooner or later Italian weapons. Italy already ranks fourth in Europe, behind the FRG, the United Kingdom and the Netherlands in trade with Formosa, the island governed by the Nationalist heirs of Chiang Kai-shek and inhabited by 18 million Chinese.

In 1981, the trade totaled \$43.1 billion, with an imbalance of 960 million against Taiwan. The previous year, trade totaled 483 billion liras, with a deficit on our side of about 100 billion. By comparison, still for 1980, trade between Italy and the PRC was slightly higher: 559.887 billion liras, with a balance of about 200 billion in favor of Beijing. Thus, Italy is not without its own pro-Formosa lobby.

The pro-Nationalists in Italy assemble around the Association for Friendship and Cultural and Economic Relations between Italy and the Republic of China in Taiwan, whose chairman is Christian Democratic Deputy Emilio Tambucchi and which is managed by Camillo Zuccoli. The unofficial organ of the association is the monthly ESTREMO ORIENTE of Ugo Cavallini. Another focal point for Italian "friends" of Nationalist China is the Far East Trade Center, with headquarters in Milan. At Udine, a trade cooperation center will soon be established sponsored by the association, the center, and the Friula branch of the Catholic Union of Entrepreneurs and Executives (UCIS). Obviously, there is no Taipei Government diplomatic representation in Italy, but to make up for it there is representation to the Vatican, complete with a trade and cultural office. This is the last Formosa Embassy to survive in Europe, and is moreover a major annoyance to Beijing, which in informal discussions of ultimate normalization of relations with the Vatican has demanded the embassy's eviction as the PRC's primary condition.

Taipei is not too concerned about this, although it does not discount the value of a base of support in Rome. Henceforth, the Taiwan Nationalists are not placing much trust in diplomatic ties, an area in which they are losing decisively; they are concentrating rather on trade relations, and they can afford to do so considering the solid and dependable domestic economy which they represent. Little or nothing is said about the trade ties between Italy and Taiwan. The papers normally pass over in silence even the exchange of economic delegations and participation by Italian companies in exhibitions and fairs on the island, or the economic presence of Taipei in Italy. Restraint by the Foreign Ministry is understandable, since it has to officially ignore the Nationalists on Formosa in order to avoid offending the Beijing government. However, some other governments show themselves less uncomfortable: while maintaining diplomatic representation in Peking, the Dutch, Germans, Swiss, Austrians, Australians and Canadians, for example, have in fact opened official trade offices on the island. Taiwan is thus host to a total of 17 foreign representations, and itself maintains 55 abroad.

There is also beginning to be talk, but very much on the quiet, about an ICE office in Taipei; even Beijing has not thus far shown any strong objections to Taiwan's trade relations, as long as they do not involve weapons. Nevertheless, there remains a certain reverential timidity toward Beijing also in our press: In fact, Formosa is referred to only occasionally, and in general what happens to the 18 million Chinese on the island does not constitute news for us, unless there are controversies with Beijing, which are becoming more rare.

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CSO: 3528/10

TRADE UNIONS' KOK ON ECONOMIC, POLITICAL ISSUES

Amsterdam ELSEVIERS MAGAZINE in Dutch 18 Sep 82 pp 12-15

[Interview with Wim Kok by Johan van den Bossche and Nico van Grieken]

[Text] During the past week they have been crashing out of the Planning Bureau's computers: the somber figures on how the economic flag will be flying in 1986. Interesting figures, true, but Wim Kok, chairman of the FNV [Netherlands Trade Unions Federation], will be concerned if he knows that in that year we shall have sunk up to our necks or up to our lips in the morass. He wants out of it, within the foreseeable future in his words, and he wants to see the foundation for that laid now. To achieve that he has adapted his position to the circumstances. No more hard, implacable talk. His hands stretch out from his sleeves, conciliation-mindedly, toward his opposite number, Chris van Veen, chairman of the VNO [Federation of Netherlands Enterprises]. Everything is negotiable, Kok tells ELSEVIERS WEEKBLAD. The watchword now is: "Don't stick your neck out."

After 3.5 hours of talking we took our leave. A clear and unmistakable feeling prevails: He will do anything, even if he can just create one more job or save one. With Wim Kok (44) everything is negotiable. The nearly 600,000 unemployed in the Netherlands must have thrown themselves at the throat of the chairman of the Netherlands Trade Union Federation.

We told him so. "It has been years since we have had such a talk with you--so moderate, so mild." And, teasingly: "If you take that attitude in your consultation with the employers about working conditions, a central agreement will be reached in no time." Kok gets up, stretches a little, and says: "It has to be."

The wretched socioeconomic grayness has worked wonders. No more implacable, bellicose, militant talk. No flat refusal to discuss even a 3-[Netherlands] cent cost-of-living adjustment because that would contribute to the creeping process of getting rid of the cost-of-living adjustment. On the contrary. "Flexibility" and "don't stick your neck out" are the new watchwords.

A meeting, on the day after the elections for the Second Chamber, with a different Kok. No "look, mama, no hands," but a desire for a broader

negotiating margin: the nerve to confront the members with still more less. The circumstances are not right for discussion of making the wages for 1983 and later years get stuck at half percentage points or less. Anybody who, in the face of an unofficial estimate of about one million unemployed (WW [Unemployment Law], WWV [expansion unknown], RWW [National Group Arrangement for Unemployed Persons?], WAO [Law on Labor Disability], and AAW [General Law on Unfitness for Work]), wants to persist in a rigid trade union policy, and who persists in the opinion that the 10 billion guilders in cuts called for in the Specifications '81 dating from 1978 was too much, is committing a socioeconomic offense.

The interview with Wim Kok is surprising, even after the FNV note "Maak Werk" [Make Work]. Last summer, when the anger of countless members of the Industrial Union FNV grew scorching hot upon reading of the plans in regard to cost-of-living adjustments, the FNV made no secret of being greatly impressed by a number of somber economic facts.

Dilemma

The central committee of the union forecast an increase to 800,000 unemployed in 1985 (not counting the hidden unemployment) and took account of over a million unfit for work. "In view of the huge financing deficit," the note "Maak Werk" reads, "the authorities can no longer permit themselves too great risks." At the same time, however, the FNV had to concede that the present trend of unemployment would make the public deficit go up to 50 billion guilders in 1985: 15 percent of the national income. In its note the FNA did not evade the most depressing dilemma since the war, either: After a number of years of loss of purchasing power, can you continue to ask workers and social security beneficiaries to sacrifice income for economic recovery? Or, to put it more pointedly, how can we prevent lower buying power from eating away at supply and demand, and how can the firms' returns be improved, as the FNV also wishes, without loss of purchasing power? Wim Kok and the philosophers' stone, which perhaps must be looked for between Scylla and Charybdis. The FNV leader throws up his hands.

His note, at least, says that it is always possible to change the policy. But time is pressing. "It gets harder and harder, as the problems pile up, to get the recovery process under way."

"Maak Werk" dates from 17 August 1982. A year earlier the FNV published its note "Aan de Slag" [Get Down to It]. The central committee of the union now says of that note: "The road to recovery is much longer than the FNV assumed in that note."

How hopeful is Wim Kok? What is his answer to the aggravated crisis in our welfare state? Why does he stick so firmly to the linking of wages and welfare benefits, while at the same time he pleads for a strengthening of the market sector, the competitive position, and profits? And what is Kok betting on after the elections? CDA-VVD [Christian Democratic Appeal-People's Party for Freedom and Democracy]? PvdA [Labor Party]-CDA, or perhaps preferably the Labor Party with the People's Party for Freedom and Democracy in one coalition? "We need productive economic activities to generate money and income. It has to be earned in the market sector. Period." Kok on the elections, the VVD youth, the wretched Center Party ("extremely disturbing") and the CNV [National

Federation of Christian Workers in the Netherlands]. But first the outcome of the 8 September election and its socioeconomic consequences.

Confusing

ELSEVIERS WEEKBLAD: A happy FNV chairman after the PvdA's election gains?

Kok: Well, the election results look somewhat confusing to me. On the one hand the PvdA was not entirely blamed by the voters for the conflict in the cabinet in May, while on the other hand the VVD, which pursues a much more rigid socioeconomic course in the matter of cutbacks and the uncoupling [of social benefits from wages], scored an extraordinarily great success. Those two phenomena side by side make it very difficult for me to draw conclusions on the socioeconomic course for the Netherlands.

Now take the VVD's election gains. Those gains were in large part among the young, including the welfare youth. And for the time being I do not draw the conclusion from that that the Netherlands population has a definite preference for a harder course on cutbacks and uncoupling of social benefits from wages. I do not really know whether you have to draw that conclusion, because a Lagendijk study indicates that among the VVD voters, for example, some 40 percent are against "uncoupling." I think the election contains a certain element of: We have been giving Messrs Van Agt, Den Uyl, and Terlouw flowers long enough without their doing anything with them. Now, damn it, we must sound a fresh, different tone.

Besides, the VVD is certainly no longer the club of the fat, cigar-smoking, Wassenaar capitalist exploiters; it has definitely become a big center party. And in the center there is thus an interesting fight for voters going on now between the CDA and the VVD. Hence the great mobility of voters from one party to the other.

Furthermore, in a socioeconomic crisis like the present one it is not easy to pursue a progressive policy; you can see that in the shift to the right all over Europe. In that sense I do find the PvdA's comeback very striking.

VVD's Course

[Question] The VVD is moving toward the center. Then the outcome of the election is not a shift to the right. Could the FNV work more comfortably with the VVD now than before?

[Answer] Let me put it this way: I think the VVD's course is now more akin to parts of FNV policy than was the old-style, more rightist VVD.

[Question] You do not even have such great objections to a CDA/VVD cabinet?

[Answer] Well, that depends. Look, if the VVD in a cabinet with the CDA--and that is an obvious possibility--immediately proceeds to rigorous uncoupling, then that party will have a lot of explaining to do to part of its voters. You must not take the VVD's gains as an unambiguous mandate for a rigorous economy policy. Or in favor of a thorough-going uncoupling.

[Question] But the FNV does not reject a CDA/VVD cabinet in advance?

[Answer] How could we do that when the voters have spoken? Since yesterday there has been a reality to face up to, and that reality is that a CDA/VVD cabinet is one of the real options.

[Question] Yesterday on television you spoke of the VVD as "not friendly to the unions."

[Answer] Look, I was talking then about the uncoupling that the VVD advocates and about possible rigorous economies.

[Question] If uncoupling takes place, will you resign as chairman?

[Answer] Not if uncoupling takes place, but if the FNV should opt for it I would. Indeed, I could not swallow such a fundamental point as uncoupling. Although it is not the first time in the 10 years that I have been FNV chairman that a point of principle has come up for discussion on which I have my own feelings. And about which I thought: If that goes through it will be extraordinarily hard if not impossible for me to go along with it.

But back to uncoupling: in my estimation the question of solidarity towers far above the economic side of the argument. Something like: What's sauce for the goose is sauce for the gander. Although, of course, I can see quite well that the issue of good social benefits is not only of social significance but also of great economic importance.

Points of Conflict

[Question] But a CDA/VVD cabinet need not *per se* get into trench warfare with the FNV?

[Answer] No, I think that would be a premature conclusion. On the basis of the CDA and VVD campaign platforms and on the basis of what the CDA/D'66 [Democrats of '66] interim cabinet has indicated in its plans that have since leaked out, we might as well dive in. On combatting unemployment, redistribution of work, and maintenance of coupling, a whole series of points of conflict do threaten to come up between a CDA/VVD cabinet and the FNV.

[Question] Then you are going to lay mines, as you said on the TV?

[Answer] Oh, no, I am not going to lay them myself; they are already there. That uncoupling is not my idea. But maybe the VVD will make a great concession in regard to its campaign platform. Thinking: "It was fun campaigning, but now that we are going to have to make policy, we do not want to alienate a large part of our supporters who do not want to see us operating in such a rightist manner." But if the coming cabinet does go in for uncoupling, that will be one of the most fundamental points of conflict not only in political relationships but also in socioeconomic affairs in recent decades. I say that without undue emphasis and without ulterior motives; it is a reality. But I am not going to lay any mines. Within the FNV we have yet to dope out precisely what that uncoupling means for us.

[Question] Perhaps an indirect coupling would not be unacceptable to you.

[Answer] The question, of course, is: What is unacceptable? You can say, of course, that you find an indirect coupling unacceptable as a policy, but that, of course, does not mean that it will not happen. For the decision-making on that issue does not take place within the FNV, but in the government.

[Question] But will the FNV demonstrate about it?

[Answer] Now, that is the kind of thing you talk over with each other beforehand. Look, in judging a cabinet you are not dealing, of course, with such things as good will, but with actions. As to the interim cabinet's leaked-out plans to freeze government employees' salaries and social benefits on 1 January, you can say that that is a clear indication of a point of conflict. I mean this. Now if you say: we'll freeze those sectors and then go to trade and industry and ask whether they are ready to take a similar step on a voluntary basis, you are not acting credibly. Especially not if you have it in the back of your mind, if the voluntary action does not take place, to impose a wage ceiling again.

[Question] Then coupling will be maintained.

[Answer] Yes, that is a fine way to couple. But you are starting at the wrong end.

Two Tracks

[Question] Then it must not go that way?

[Answer] No. Central negotiations should run on two tracks. One track is negotiations with the employers, and the authorities really have nothing to do with that. But when it comes to redistribution of work, you then talk only about the fact that shorter hours do not push up the cost of production; i.e., about the cost-neutrality of shorter hours.

Well, now, with cost-neutral shortening of hours you kill two birds with one stone. The first is: you reduce unemployment by it. The second is that by trading the cost-of-living adjustments for it, you put brakes on the nominal wage increase in 1983. And that, again, has a saving effect (all relative, of course, for the authorities are still involved in the problems) on social benefits and government employees' salaries. Well, the authorities have to help in killing this second bird; e.g., they must be drawn into the negotiations on shorter hours. For if they can show that they are still encountering problems in the financing of public expenditures, so that further measures are necessary to save costs, the FNV will also have to look into the matter. Thus the FNV must not shout that the coupling must be retained and the workers and non-workers not be willing to pay the price for it. In this way you arrive by negotiations at a certain swapping of wages or cost-of-living adjustments for shorter hours.

But now what has the interim cabinet done? Very flatly handed down a decision that as of 1 January government employees' salaries and social benefits will be frozen and asked whether industry will do the same. Intentionally or unintentionally, that way you put the employers in a splendid position to say to the

trade union movement in negotiations: "What is it you want? Shorter hours, re-distribution of work? Come on, that cannot be done now. Come back in a few years. First we have to grow." The employers know that by such an attitude they can evoke a wage ceiling, after which the trade union movement gets nailed to the stake again.

Nerve

All right, it is a long, long story and I am not doubting the integrity of anyone in the cabinet. But they did lay down a policy that threatens to put us on the wrong foot for 1983. And what do I hope for now? That if there is a CDA-VVD cabinet, at least the VVD will have the nerve to reopen the matter. And I base a little hope on that.

In doing so the VVD would also be acting a little consistently in regard to its own fundamental points of not too much intervention by the authorities; private responsibility, for employers and employees, too; not letting "Father State" regulate everything directly. The VVD must say immediately: "We ask the CDA to give the boys (capital and labor) a chance to take their own responsibility. And only after that to look at what the overall policy for 1983 can be."

[Question] There is still a chance for that, for there is no wage ceiling yet.

[Answer] Not formally, of course, but there is in practice. All in the style of "willingly or unwillingly."

[Question] All right, you killed your two birds with one stone. But you consciously missed two others: the financing deficit and the restoration of profits for industry. For all the advantages of shorter hours, in your note, are channeled back to the workers and not to the firms.

[Answer] You are right when you say that we want to trade a bit of cost-of-living adjustment for a better distribution of work, and that that still does not bring about an independent improvement in the profit position of the firms. In our proposals there is thus no basis for leaving even 1 or 1.5 percent of wages in the firms to improve their profit positions. But in spite of the deplorable situation of a large part of our economy, I am very reluctant about doing that, not to say opposed to it. At least across the board. Why? Because in reducing wage costs the Netherlands does take a leading position.

My reasoning is this: Wages that you just leave where they are do contribute to reducing the firms' costs, but at the same time they mean a further decline of the purchasing power. And all the water in the sea will not wash out the fact that in 1983--and for a while after that--we would have declines in purchasing power to deal with. Neither the firms' profit position nor the investment activities stand to gain if the purchasing power drops too low. My position is that this would not solve the economic crisis. And I am not entirely alone in that view.

Profit

[Question] But a businessman refuses to invest, doesn't he, if he gets no return?

[Answer] But he also refuses to invest if he can't get rid of his stocks.

[Question] Exactly, for then he makes no profit. You might have done better to leave the concept of restoration of profits out of your note.

[Answer] It is never any use. A few years ago it was thrown up to us that while we were for reducing the hours of work, when it came to financing that change we wanted to tap non-existent sources. Now we opt for a position in which we say: The process of redistribution of work can be effected, if only it does not increase production costs. By entering into agreements on that, we make a contribution to reducing the number of unemployed, and now all of a sudden we are jumped on because we are still only operating cost-neutrally. It used to be that if we got shorter hours we had to give up wages; now the standpoint seems to be: For 1 percent shorter hours you must give up 2 percent in wages. One percent for the reduction in hours and the other percent to increase the companies' profits.

[Question] Uh-huh, $1 + 1 = 2$.

[Answer] Yes, of course, but won't you keep the apples and the pears apart? Shorter hours are accompanied by a great increase in purchasing power for the people who all at once become active again.

[Question] But you lose that gain for the workers; they will be earning less. And two thirds of the Netherlands firms will still have losses.

[Answer] I am trying to prevent the sales on the domestic market from unnecessarily dropping off still further!

[Question] But a firm that continues to suffer losses will not hold out long.

[Answer] That's right.

[Question] And so in your note you should have said how much would be given up for restoration of profits. That is also good for employment.

[Answer] I contest the position that restoration of profitability is served by leaving a portion of wages in the firms in addition to the existing deflationary tendencies. You would just have to wait and see what else happens as a result.

Tears

[Question] Since 1976 you have always said that the workers' share of the national income (the labor income quota) was too high. Since that year the employers have seen their return crumble away more and more.

[Answer] Yes, and that in spite of the wage restraints of recent years. There are tables showing the restraints and their supposed results; you get tears in your eyes looking at them. The increasing number of jobs, the reduction of unemployment, all of that has come crashing out of Van den Beld's computers.

[Question] Yes, wages have risen less than the unions had in mind. But that still does not mean moderation.

[Answer] Oh, yes, even in terms of productivity. In wage costs per unit product, in the 1979-1982 period we made a great advance. So the fact that our firms are in difficulties is not due to high wages; it is due to the reduced overall activity.

The central question, in which to my great astonishment you are not interested, is: on the basis of what factors are investments made or not made? Let's not kid each other; at the moment it is all tied up with a paralyzing international development. As soon as world trade picks up a little, the Netherlands will be in a not unfavorable position in regard to cost levels. I have seen notices to that effect from the Central Planning Bureau.

[Question] Specifications '81, which was derided at the time by the FNV, indicated years ago what has now become reality. We never even thought: Shouldn't we as a trade union movement have picked that up and run with it at the time?

[Answer] So now we are in the heart of the problem. The big dilemma is quite clear: How do you get out of the present economic situation in such a way that within a reasonable time there is a real start on reducing the number of unemployed, and at the same time--in connection with it--a start in straightening out the financial position of both the firms and the authorities? Well, I frankly admit that in presenting this note the FNV did not mean to claim that it can solve these problems now. And neither do I. We are caught in a vicious circle.

[Question] And so Mr Van der Stee must take care of it by lending more and more. This morning he discovered new setbacks.

[Answer] Of course, and it will go on that way. The less is spent, the more the tax yields will drop.

[Question] Well, so you say. Your note does not help, either.

[Answer] No, but in it we do set forth a line along which we are willing to talk with anybody in the negotiating agencies. And that line is that we shall not get out of the crisis without painful measures such as cutbacks in public expenditures and without moderation in wages and moderation in the collective sector. But at the same time we call everybody's attention to the fact that these measures must be incorporated in a policy that takes account of a necessary bottom in sales. Thus in addition to cutbacks the economy must be stimulated. In short, I am not pleading against wage moderation; I am pleading for as purposeful as possible an application of that moderation.

[Question] Profits have declined more sharply than wages. What gives employees the right to give up less than employers?

[Answer] Then let's talk about the question of guilt. Did we get into this crisis because the workers were getting too much? Go and ask foreign employers whether their profit is even a shadow of what it was in 1973. Nothing of the kind.

Talk It Out

[Question] We still find a world of difference between you and the employers.

[Answer] That's true, too. But those differences did not arise today or even in the last 10 years. And we must not gloss them over; we must talk them out. Anybody that is still going around now acting as if his message were the only right one and that anybody else's belongs in the wastebasket is not acting responsibly. That goes for workers and also for employers. So we put an offer on the table and leave it open for discussion; the employers should do the same. And no fight for prestige along the line of: Will Mr Van Veen fall on his face now, or will that happen to Mr Kok? That would be worrisome to the more than 500,000 unemployed. I tell you, the FNV is ready to come out openly and discuss itself and its views with the employers.

Meanwhile I feel that there is still a large field in which we as employees and employers should be able to pursue a common policy. We are even under an obligation to do so. After all, we live in a society where individual responsibility is the thing. We must do it ourselves and not depend entirely on The Hague. And certainly not depend in advance on the question of how it is going to come out in The Hague: PvdA and CDA, or CDA and VVD.

I say let us as employers and employees quickly put our heads together concerning the matters on which we can reach agreement. So that we can get ourselves a framework.

[Question] Do you see possibilities of that?

[Answer] I am not going to set up any barriers where they have not been seen before. Naturally, I do not take an extremely rosy view. But the nature of the problems compels us to be frank with each other. We must not sit around for months squabbling about all sorts of conditions.

[Question] In that discussion can you budge an inch this time from the instructions given you?

[Answer] Comparison with previous years does not hold water. Our note is of a somewhat different character from the work-condition notes of previous years. Today's note "Maak Werk" indicates a direction much more than it states a policy; it is not a detailed plan of how it is all to be translated into guilders and cents.

[Question] Then there will not be a central agreement that workers will give up 5 percent and employers will give such and such a number of jobs for it?

[Answer] No, I can't see that happening. You have to fill in such details at the plants. I will not be talking in the central negotiations about the percentages that the workers will give up; only about the direction of the policy to be followed. If it turns out that there are new insights in that central discussion, I will take them back to the FNV and say: "Good people, for such and such reasons I have done thus and so. What do you think of it?" That way I can go into the negotiations with my hands free. Naturally I do keep our basic policy principles in view. I won't make a real mess of it.

[Question] What part do the authorities play in this?

[Answer] Their job is not to make or announce any decisions that would influence the negotiations between capital and labor negatively in advance. And a second task is to decide to what extent they can contribute, financially and otherwise, to shortening hours.

I know, of course, that this is very difficult for the authorities, in view of their financial problems. And on this point even the FNV has not yet found the philosophers' stone. But that, of course, is no reason to steer clear of the problems of unemployment. Ministers must not say on that account: "Shorter hours--all very well to prattle about, but we cannot see it working at present."

[Question] Can the VVD see it working?

[Answer] Well, the VVD is more inclined to see it than the CDA. When I see Van Agt on the TV I get a cold feeling around the heart. I sense in him such a cool, detached approach that I say: That man will not stand behind shortening of hours. He expresses himself in favor of it, but not from the heart.

[Question] Your Industrial Union wants to make almost all social gains open to discussion. Isn't that in conflict with your line?

[Answer] Oh, that's all quibbling. I rang up Groenevelt and asked him whether he wanted to make coupling subject to discussion, too. And he explained to me that these things are now under discussion all around us, and that you can do either of two things: either you cut off the discussion or you say: These discussions are now being carried on and within that framework you make the AOW [General Retirement Insurance Law?] and relief not subject to discussion while all that other business has not yet been put before us. But indeed, the Industrial Union, if it gets a well-built job plan that has extensions into components of social security policy, such as coupling and indexing, will not say: Stay away from this from the outstart. Well, now, the Industrial Union has not given anything away, but that union does go a bit further in its outspokenness than our own FNV note.

[Question] How can your planned approach to unemployment be reconciled with your efforts toward restoring the market sector?

[Answer] I do not know where the collective sector ends and the market sector begins exactly. That is a fluid mass. But I do know that everything that is paid out in an economy--public spending, social services, transfers of funds--has to be earned in the productive sphere. If we do not see to it that there is trade and industry, it all goes downhill. The point is that we have to have productive economic activities that generate money. I even take the position that strengthening the market sector is necessary if we are to succeed during the coming years in stopping the loss of jobs. Purely pragmatically and not for ideological reasons I say that the market sector has an independent significance for the ability to provide reasonable protection, to preserve the cornerstones of social security and also for a future restoration of employment. I am entirely clear on that. But I do not blindly go down on my knees before the market sector, in the sense of: What happens there is always right.

[Question] But the market sector can be choked by all kinds of rules, can't it?

[Answer] You have to try to avoid rules as far as possible. We all know that there are too many rules. Workers suffer under them just as employers do. How many employers are there who are not fighting with a forest of regulations and systems of pigeonholes that are impossible to see through, that work against each other, and thus take up time? Dreadful. They call for a good broom.

If we are not capable of keeping the market sector in shape or do not know how to stimulate it further, then gradually a great deal of what we can now allow ourselves in the way of individual and collective welfare will be lost. A union that works in the interest of its members now, tomorrow, and the day after must not lose sight of that reality.

PvdA - VVD

[Question] If shortening working hours is your first priority and if it is your impression that Van Agt will not really stand behind it, then you might be able to do business better with the VVD. Then why not a combination of PvdA-VVD?

[Answer] That is an interesting question. It is quite possible that it will surface again in the coming days.

[Question] But what do you think?

[Answer] I find all variants difficult. Even that of a CDA-VVD. I can't wipe away the differences between our priorities in the socioeconomic field and those of the VVD. They are considerable. But still I feel that investigation of a possible PvdA-VVD combination deserves real consideration. That is not a mere platitude; I really mean it. If a real consensus is possible on the main direction of socioeconomic policy, so that the trade union movement can come out of it in good shape, then that variant is interesting. Certainly as interesting as the alternative of a CDA-VVD cabinet, with the certainty that it would drift much further from the trade-union ideas.

[Question] Meanwhile we understand that the FNV goes along with the CNV's 5-percent reduction in wages.

[Answer] No, then you understand too much. If you cut the hours by 10 percent in 4 years, you come out with 2.5 percent per annum. The CNV wants that, too, but is willing to give up another 2.5 percent for maintenance of coupling. We are not willing to do that, although we emphatically opt for maintaining the coupling.

But if it should later turn out that for maintenance of coupling and hence for solidarity between working and non-working people it is necessary to pay a higher price, then I first want to know damned well who is playing with the toys and for what purpose that extra sacrifice is being demanded. If that is for maintaining the coupling, then I personally am willing to take a look at that. I will stick my neck out for it and say to the people in the FNV: That is the way it is and this is the way I feel about it! If a further willingness to sacrifice à la the CNV is being used for wrong purposes--and thus not to

finance indexing and coupling--then as far as I am concerned there will not even be any further negotiation about it. We are, to use Van Agt's words, not stark, raving mad.

[Question] Why are you not willing to give up the price compensation [i.e., cost-of-living adjustment]? It is no longer used to compensate prices anyhow.

[Answer] I am halfway expecting to let go of that right. But I am not entirely sure what the employers will do after that. If you don't pay attention, pretty soon you lose everything--both the system of price compensation and the use of it for shortening the hours.

Breeding Ground

[Question] How do you feel about the Center Party's getting into the Second Chamber?

[Answer] Very sad and sorry. Especially about its showing in the big cities. It indicates to me that there is a breeding ground there for racist and fascist-like tendencies. We do not need that party, of course, to realize that. But 4 percent in Rotterdam...

[Question] It is to be feared that as social problems grow worse, people feel more drawn toward extremes.

[Answer] There is a great risk that if the crisis continues and grows worse and especially if it is accompanied by a still larger number of unemployed and the possible wedges are driven between working and non-working people, this sort of strong feelings and ideas will begin to appeal more. For that reason I feel that fighting against unemployment and for solidarity is also fighting for democracy.

8815

CSO: 3614/3

FOR INDUSTRY, LABOR 1983 EXPECTED TO BE CRUCIAL FOR FUTURE

Oslo ARBEIDERBLADET in Norwegian 26 Oct 82 p 6

[Commentary by Nils Ottar Ask: "Year of Destiny for Norwegian Industry"]

[Text] The year 1983 could be a year of destiny for important parts of Norwegian industry. Almost daily there are reports of firms with problems. Furloughs, reductions and layoffs are beginning to reach dramatic sizes, even in Norway, which for a number of years has been accustomed to low unemployment. Mass unemployment is knocking at Norway's borders.

Most branches of industry report problems: the forest products industry, shipbuilding, aluminum, ferroalloys. These are branches with firms which are a "to be or not to be" for the places where they are located. It is enough to mention Norsk Jernverk and Syd-Varanger to suspect the consequences if these cornerstone firms are forced to make extensive curtailments.

While several years ago the authorities spent billions to protect businesses and jobs through periods of recession, now an entirely different approach is being planned. Selective support actions have almost become an insult and an abomination. The firms which can not manage within the general framework for industry are not destined to survive. The philosophy behind the government's industrial policy seems to be that such firms should just close up shop to make room for the more vigorous firms.

Too Passive

In several trade unions which have had national meetings this fall, it was pointed out that Norway lacks an industrial policy. The authorities have become too passive, they just sit on the fence and talk about improving competitive ability, without themselves stimulating and helping the firms to accomplish that. The state gives away the possibilities that it has and should use to control industrial policies, they claimed.

An example of this passivity by the authorities is the support which at the beginning was arranged to be available for building ships and drilling rigs.

While other countries with which we compete have special support arrangements, in Norway we plan arrangements which largely only work on paper. In practice we see that the resources which are made available are tied to guidelines which prevent effective utilization of the resources.

Paradox

To many it also appears as a paradox that the government plans to eliminate the help which the authorities have the possibility of giving to firms with readjustment problems. The government is the first to point out how difficult the situation is for industry, but at the same time they will go the farthest to eliminate actions which could be decisive for a successful readjustment. To make resources available for research and development of new and competitive products in today's situation will certainly be of decisive importance for both branches of industry and individual firms, which according to the government's own statement do not have their own resources for that purpose.

Whether the government has an industrial policy or not, it seems that it will hold itself as far as possible away from the problems, instead of contributing with help and guidance to those which have problems.

9287

CSO: 3639/19

PALME EXPLAINS ECONOMIC POLICY AS DEVALUATION TAKES EFFECT

Presents 'Crisis Plan for Sweden'

Stockholm DAGENS NYHETER in Swedish 12 Oct 82 p 14

[Article by Dick Ljungberg]

[Text] On Monday, his first regular workday, Prime Minister Palme presented the so-called "Crisis Plan for Sweden." In order to increase production and prevent continued high unemployment, there must be an immediate and radical change in our economic policy. Consumption must be stemmed. This was the harsh message.

The crisis plan was presented at a press conference in Rosenbad with Prime Minister Olof Palme, Finance Minister Kjell-Olof Feldt, Labor Minister Anna-Greta Leijon and Industry Minister Thage G. Peterson.

This plan is based on the program entitled "Future for Sweden," which the Social Democrats endorsed during the election. Palme also said the plan would be on the government's agenda for the next few weeks when specifics will be worked out. Monday's news were largely limited to the fact there would be a new tax on luxury items, like video equipment, for example, and that the Value Added Tax (VAT) probably would be raised beginning 1 December this year.

Uniting the Nation

The primary goals of the crisis plan are to unite the nation and all of its resources in the struggle for full employment, to reconstruct the economy and to restore the balance of trade, to equally distribute the necessary burdens according to the ability to bear them and to fight inflation.

Palme said on Friday that the 16 percent devaluation would reduce real wages by about four percent next year. They may be further reduced by economic policy measures now being planned by the government, such as higher excise taxes. It is necessary to hold back consumption and costs in order to assure positive effects of the devaluation.

"Increased demand must come from two other sources than consumption: in part from foreign countries and by switching the demand for imports to Swedish products and in part by investments that will improve our productivity and the ability to compete," said Feldt.

Little Growth

Economic conditions do not seem to be improving nationally or internationally. The economic restraints that have been practiced by leading nations for a number of years already are now likely to be continued for years to come.

"The new Social Democratic government's economic policy must therefore be fashioned on the premise there will be little growth in international trade over the next few years, unemployment will rise abroad, competition will be keen and interest rates very high historically speaking," according to the statement.

To continue in the direction nonsocialist governments are going would mean a continued rapid increase in unemployment similar to that which prevails in countries where economic restraints have been applied most consistently:

"In order to counteract the rise in unemployment, government authorities should be forced to adopt large-scale defensive support measures. Sweden should increasingly rely on government subsidies to maintain its industry. We may be threatened as an industrial nation and our growing foreign debt may eventually erode our chance to make policy on our own terms."

"Should the budget deficit be allowed to grow larger?"

"We are determined to reduce the budget deficit as much as possible without the risk of endangering our economic goals," answered Feldt.

According to the crisis plan, much attention must be given to tighten the 1983/84 budget. There will be strong demands to improve the efficiency and effectiveness of governmental and government supported activities. Some appropriations may be frozen at their present level. Any unnecessary expenditures will be eliminated, not least some kinds of project aid.

Thage G. Peterson said that several departments are now beginning to prepare public investment programs in the area of energy, environment, housing and transportation, which will be submitted in the budget proposal.

Anna-Greta Leijon asked that money be allocated to AMS so that jobs can be increased from 125,000 in September to 180,000 this winter. In addition to that comes money allocated for earlier planned projects included in the investment program.

Opposition Leaders React to Devaluation

Stockholm DAGENS NYHETER in Swedish 12 Oct 82 p 14

[Article by Ake Ekdahl]

[Text] The average income person in Sweden can expect to pay additional taxes of between 1,500 and 4,000 kronor per year if the present tax reform is not changed. This will be the result of the Social Democratic government's devaluation of the Swedish krona and the increased Value Added Tax (VAT).

On Monday Prime Minister Olof Palme extended an invitation to Thorbjorn Falldin and Ola Ullsten to negotiate 1983 taxes. The outcome of the negotiations between the three parties now hangs by a thin thread.

Falldin and Ullsten immediately accepted the invitation, but will come to the negotiating table with rather fixed demands. The tax reform must be restored to its original content, which means a substantial upward adjustment in tax brackets next year, perhaps doubled, otherwise the entire agreement will be dissolved.

The measures taken by the Social Democratic government, devaluation of the krona and an increase in the Value Added Tax, will raise prices and possibly wages by a round figure of between seven and eight percent. That means an annual inflation rate of 13 to 14 percent, compared to 5.8 percent, which was one of the basic conditions in the previous agreement.

Reticent

It is difficult to predict exactly how wage earners will react to the doubled inflation rate and it is impossible to increase tax rates to compensate for the inflation without violating the basic idea of the reform, namely to hold down inflation and to moderate wage demands.

At the same time, other goals must be met, like allowing 90 percent of all full time workers a 50 percent tax differential by 1985 at the latest.

Former Prime Minister Thorbjorn Falldin was very reticent at a press conference last Monday as to what demands he will make during the upcoming negotiations with Olof Palme. Among other things, he said it is too early to ascertain what the upcoming wage demands will be.

"No one--not even the Conservatives--could have dreamed that the Social Democrats would devalue the krona by 16 percent so shortly after the election. To be sure, we warned that their expansionary policies would leave their mark," said Falldin.

He indicated the Center Party would insist that any change in taxes should continue to be equitably distributed, i.e., there can be no big, across-the-board tax hike.

Higher Inflation

Falldin also said that the average wage earner should have more spendable income on existing wages. But he did not want to say prior to the negotiations as to what the taxable level of income should be or if the 50 percent tax differential should be adjusted upward.

"It is more difficult to judge the outcome of wage negotiations now after the Social Democrats so dramatically ordered higher inflation. We will be back to an annual inflation rate of 13 to 14 percent. This, in spite of the fact we were headed downward toward seven percent," Falldin pointed out.

Ola Ullsten, chairman of the Liberal Party, stated the government through its measures has doubled the rate of inflation.

"Higher taxes and prices will drive up wage demands in the upcoming negotiations. It is obvious that taxes must be adjusted upward by considerably more than 5.8 percent next year," he said.

"We Will See"

Palme pointed out in his invitation to Falldin and Ullsten that the devaluation could mean some adjustments in the income tax next year.

"I want to be fair with my negotiating partners now that conditions have been changed, which in turn will have their effect."

In response to the question as to what changes he anticipates, Palme said tersely:

"We will see. We need to consider the changes brought about by the devaluation, i.e., the sharp drop in private purchasing power," said Palme.

He promised to be accommodating.

Up to now, Palme always defended the agreement in its entirety. Just before the election he wrote the following in DAGENS NYHETER about the adjustment in taxes:

"Taxes will be adjusted upward by about 5.5 percent. This will set the norm for an acceptable inflation rate over the next few years. That should affect all participants in the Swedish economy. The tax reform can thus be an important aid in the fight against inflation. Of course, economic policy in general must be aimed at reducing price and cost increases in the next few years."

Tough Nut

The idea was that a limited tax increase would serve as a ceiling on wage demands in the upcoming negotiations. Anything above that ceiling would immediately be eaten up by higher prices.

The government believed to have laid the groundwork for a modest wage settlement so as to continue to push inflation down to seven percent, perhaps even more.

In order to in some degree keep its promise to taxpayers, the adjustment for inflation must be upward by more than 10 percent. That will be a tough nut for Palme.

Left-Wing Communist Party (Vpk) Condemns

Behind the center parties the Conservatives are threatening to continue to scandalize the tax agreement. They will say they were correct in assuming it would be impossible to implement the tax reform negotiated with the Social Democrats. Palme has also alienated the Left-Wing Communist Party, which last Monday condemned him for inviting the center parties to negotiate.

"Why should high income people, who stand to benefit from the tax reform, be compensated for the devaluation, while those less fortunate are urged not to ask for compensation?" said Lars Werner. "What was the election's most sacred cow is now being led to slaughter. Not even Social Democrats can stand by the tax agreement," said Ulf Adelsohn, the Conservative Party leader.

Paper on Economic Measures

Stockholm SVENSKA DAGBLADET in Swedish 12 Oct 82 p 2

[Editorial]

[Text] The crisis plan presented by the Social Democrats last Monday is essentially supposed to be based on the crisis program entitled "Future for Sweden," which was adopted by the Social Democratic Party congress last year. And, indeed, they do contain similar ingredients, but the basic idea--a substantial drop in real wages--was not included in the earlier program.

That would surely have caused greater discontent among congressional delegates than was the case. The congressional debate became a hymn of praise for developing the public sector and for the need to concentrate on hopeless regional developments.

What is now being presented bears little resemblance to the hopes that were expressed at the Social Democratic Party congress last year or to the expectations that were raised during the election.

The basic ingredient in the recently submitted crisis plan (which also includes the already determined devaluation) is actually a substantial reduction in real wages for Swedish workers. Higher prices, increased taxes and minimal wage settlements will result in such a drop in real wages that it cannot be overlooked. This sharply contrasts with the Social Democrats' complaints about the drop in real wages under nonsocialist governments.

The government has chosen to implement its economic belt-tightening by means of inflation and higher taxes. Furthermore, this economic belt-tightening is one-sided, levied against private households and not the public sector.

According to reports, next year's budget will be extraordinarily stringent. But since no concrete measures are being presented, it is impossible to know what that means. What we do know is that four previously submitted savings measures will be discarded (pension allowances, sick days, daily unemployment compensation and state funds for municipal child care), that Social Democrats are opposed to nonsocialist savings measures and that they plan new and increased expenditures (subsidies for government projects, labor policies, public investments, etc).

We can look forward to growing budget deficits and higher taxes.

Furthermore, we can expect an increase in municipal taxes, which will continue to go up due to the inflationary effect of the Social Democratic program. There will be many unpleasant surprises for taxpayers.

Social Democrats obviously believe that wage earners will more readily accept a significant drop in their standard of living knowing that special measures will be taken with respect to stockholders and businesses.

The fact that a 30 percent tax reduction on dividend income up to 7,500 kronor will be revoked and that the tax reduction on savings will be cut by 10 percent means that the government once again will sharpen its tax penalty on stockholders. Furthermore, plans are being discussed to completely remove the present tax exemption on savings. This action is based on ideology and will pave the way for nationalization of funds. Private savings and ownership will be discouraged and replaced by collective forms of ownership.

With respect to businesses, the government submitted three different suggestions to, in its words, "stimulate investments." One suggestion concerns profit sharing, which is said to give workers "influence with respect to devaluation profits;" another concerns a change in business taxation which will make financial transactions less profitable, and the third a special deposition of investment funds. Even here we can see the ideological imprint in terms of the Socialists' failure to understand the nature of profits and the distinction between different kinds of profit.

The crisis plan states that the devaluation could lead to certain income tax adjustments in 1983. The other two tax-pact parties will be invited to deliberate that issue.

However, Olof Palme made it rather clear at the press conference that he will not consider any adjustment for inflation. Once again, inflation will be allowed to sharpen the income tax burden.

It was a fatal mistake on the part of the Liberal Party and the Center Party to take the inflation adjustment off the tax brackets. The results of that mistake are becoming more and more evident.

The crisis plan means that the Social Democratic ship has now changed course since the election. However, the course continues through old, well-known Social Democratic waters.

Devaluation Planned After Election

Stockholm DAGENS NYHETER in Swedish 14 Oct 82 p 6

[Article by Ake Ekdahl]

[Text] Government sources have informed DAGENS NYHETER that Social Democratic Party leaders were making concrete plans to substantially devalue the Swedish krona already in late August and early September.

We already find suggestions in Ingvar Carlsson's crisis plan entitled "Future for Sweden" as to what measures a Social Democratic government would be prepared to take in order to get industry moving again.

"The main purpose is to establish economic policy that will provide growth and full employment as soon as possible." These are the introductory words in the recovery plan.

Further into the plan there is talk of creating a "more favorable cost climate for Swedish industry" and to provide the kind of stimulus that will generate a demand for Swedish goods in preference to imports. The plan later discusses a new direction for economic recovery.

"Increased demand for Swedish goods must largely come from two sources: in part from foreign countries and by switching our own demand from imports to Swedish products, and in part from investments."

Anyone who is astute and well versed in economics will understand the introduction of the substantial devaluation which is now shaking the country, according to Social Democrats.

Later followed intensive discussions among party leaders as to whether devaluation would be the best solution. At one point they seriously considered lowering the employer tax and raising the Value Added Tax (VAT) as an alternative, but were not satisfied with the effects of reasonably shifting the tax burden from producers to consumers.

Do Like Norway

On 1 September, more than 2 weeks before the election, Olof Palme was in Karlsbad on an election tour. That was the day after the debate with

Thorbjorn Falldin in Kalmar. Accompanying him on the tour of Varmland was Norway's Social Democratic Party leader, Gro Harlem Brundtland, who received a telephone call from Oslo to the effect that Norway would devalue the Norwegian krone by four percentage points.

At that time Palme and Feldt decided to devalue the Swedish krona on their first day in government and that it would be a substantial devaluation. The original figure was 20 percent, which was later lowered somewhat during secret negotiations in Arlanda with Scandinavian finance ministers and the heads of national banks on 7 October, the day before the change of government.

By that time there had been speculation about the Swedish krona for a couple of weeks and the outflow of currency was beginning to reach disturbing proportions.

Of No Consequence

But neither the concern about the currency nor the urgent pleas from Swedish businesses for help in managing exports was of any consequence prior to the decision to devalue, that was quite clear for some time.

That is even supported in reports from Anders Isaksson, a writer for VECKANS AFFARER and now a consultant to Cabinet Minister Ingvar Carlsson, who in a chronicle states that the devaluation was planned and a link in the takeover of power. Former Left-Wing Communist Party chairman C. H. Hermansson also claims to know that Social Democrats were planning the devaluation already last summer.

Dissolution

The disadvantage of the devaluation will be the likely dissolution of the three-party tax reform. Prime Minister Olof Palme has invited representatives from the Center Party and the Liberal Party to discuss how the tax reform can be adjusted with respect to the new situation following the devaluation and the VAT increase.

"Using the present tax brackets would be the simplest way to go," according to Erik Asbrink, undersecretary for Kjell-Olof Feldt.

There is nothing to indicate that Palme is even considering an inflation adjustment to cover the effect of higher prices and anticipated wage increases resulting from the devaluation. Center Party leader Thorbjorn Falldin feels that this demand must be met in order to save the reform.

On Tuesday next week the Center Party tax committee will hold its first serious discussion with respect to the party's demands in the upcoming negotiations with Palme. After that, the entire procedure will take no more than 2 weeks and all indications are that Palme will use his Parliamentary majority to pass a modified inflation adjustment.

Derisive Criticism

As far as the center parties are concerned, they will have to prove it was Palme who punctured and departed from the tax agreement by means of political intervention in the economy.

Otherwise, they will soon have problems with derisive criticism from the Conservatives, who gave up on the tax reform at an early stage.

"The reform's basic idea of lowering the tax differential is still there and we cannot just abandon a good principle for which we, as well as the Conservatives, have fought for decades. We will have to see what happens now," said Stig Josefsson, who together with former Industry Minister Nils G. Asling chair the Center Party tax committee.

The devaluation and the crisis package means nothing to the economy of municipalities or counties, short term. However, the two percent employer tax increase, which was enacted prior to the tax reform, will cost municipalities and counties about 3 billion kronor and it will be difficult to compensate for since the budget is already established. On the other hand, wage settlements could be costly for municipalities in 1984. For every percentage point of increase in wages, the cost will be 1.5 billion kronor.

8952

CSO: 3650/15

UNEMPLOYMENT REACHES FOUR PERCENT, A POST-WAR RECORD

Stockholm DAGENS NYHETER in Swedish 9 Oct 82 p 14

[Article by Bo A. Ericsson]

[Text] A shocking new report on jobs came out Friday: for the first time in the post-war period overt unemployment in Sweden reached 4 percent. All told, 176,000 persons were out of work in September--nearly twice as many as 2 years ago. Among youths 12.4 percent were jobless, or 85,000.

At the same time there were 123,000 persons on AMS [National Labor Market Board] projects of various kinds, 118,000 could only get part-time work, and 59,000 would like to work but felt that it was not worth while looking for jobs.

All told there were thus nearly 500,000 persons wholly or partly outside the ordinary job market.

These figures released by the Central Bureau of Statistics [SCB] Friday mean that unemployment has increased further, even seasonally adjusted, since last month.

At the same time the figures are higher than expected, in view of the fact that a large number of emergency public works jobs opened up in recent months. SCB also expresses the reservation that the increase is not wholly confirmed statistically.

But even if the figures should be somewhat too high, they are a warning to the new government that came in just hours before the new SCB statistics were made public.

New Request

A worsened situation is also shown in regard to the number employed. They now number 23,000 fewer than at the same time last year. The decrease is greater than usual for this time of year.

Compared with September last year overt unemployment increased by nearly 50,000. In August unemployment stood at 166,000.

On Friday [8 October]--as DAGENS NYHETER reported earlier--there was also a new billion-kronor request made by AMS to the government. Altogether AMS wants 3.7 billion kronor to combat unemployment this winter.

The investments embrace several emergency public works programs, moving forward state construction jobs, increased job-market training, and more orders to support industry.

AMS emphasizes that the need for these measures will not be altered in the short run by the devaluation just decided upon.

The AMS package also includes various construction projects in the hard-hit Norrbotten and a request for money for more employment offices.

8815

CSO: 3650/14

INDUSTRY STUDY: UPTURN TO BE DELAYED LONGER

Stockholm DAGENS NYHETER in Swedish 5 Oct 82 p 22

[Article by Jan Wifstrand]

[Text] The hope of an upturn in industry has not been fulfilled. The last quarter was far worse than expected. For that reason the market experts are becoming still more cautious about future prospects.

The Market Institute's barometer for industry, which is based on interviews with 2,000 firms, indicates that the waiting period will continue. Orders coming in to industrial firms continued to decline during the third quarter, and the forecasters are now saying that there will hardly be any recovery during the final months of the year.

The best that can happen is that the influx of orders will cease to decline, the KI [Market Institute] says, and states at the same time that employment will continue downward during the first few months of next year.

Mixed Picture

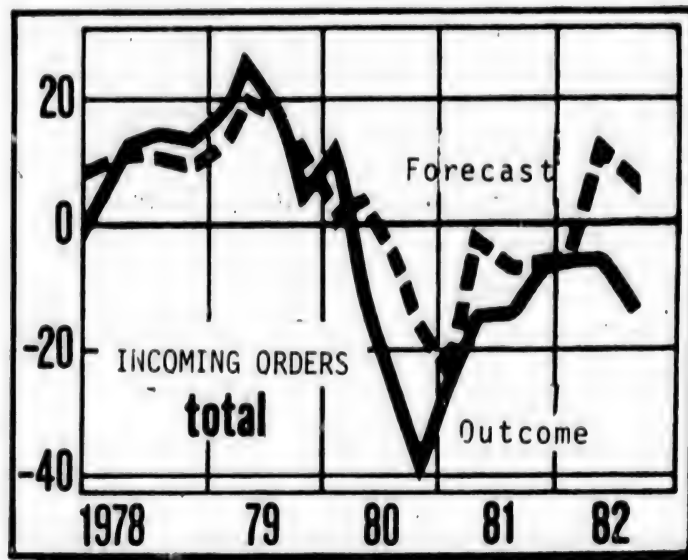
It is a mixed picture of the state of health of the Swedish economy that the KI gives. The domestic market hardly gives any occasion for rejoicing, either factually when we look back or for the immediate future. But the various industries show great differences, with positive expectations in certain ones and definitely negative ones in others.

These industries expect a better flow of orders during the last quarter of this year:

The electrical industry, the rubber goods industry, the furniture industry, the graphic arts industry, wallboard factories, and iron and steel plants. For the last mentioned, however, this would merely mean a recovery from a very poor third quarter, with a great decline in domestic orders.

Negative expectations apply to:

The textile industry, the foodstuffs industry, sawmills, sash and door carpentry, the wood products industry, and the cement industry--at least as to the flow of orders at the domestic level.



The flow of orders has turned out worse than expected for Swedish industry. Neither the export market nor the domestic market could fulfill the expectations indicated in the KI's previous forecast.

For the export market, the pulp and paper industry and, again, the textile industry.

Basic Industry Down

Expectations of a better export market were not fulfilled during the third quarter. Large parts of basic industry were hit by a definite decline, contrary to expectations. The pulp industry, paper mills, and the machine industry were among those affected.

The stocks of orders are still far below the ideal; over 60 percent of the engineering concerns feel that they have too small stocks of orders.

Production Down

The effects on employment will continue to be negative, according to the KI. Apart from white collar employees of the electric industry, roughly all categories will be hit by reductions during next year. The number employed in industry continued to decline during the third quarter.

Industrial production definitely decreased during the past 3 months. There were greater decreases than had been expected, due to the firms' desire to reduce their stocks of finished goods. Here, again, there are exceptions to the downward trend--the automotive industry, the chemical industry, sash and door carpentry, and the glass and porcelain industry are among those that increased production.

8815

CSO: 3650/14

INDUSTRY REGISTERS INCREASE IN INCOMING ORDERS IN SUMMER

Stockholm DAGENS NYHETER in Swedish 15 Oct 82 p 8

[Text] Swedish industry was able to report a somewhat higher flow of incoming orders in August of this year than in the same month last year. On the other hand, deliveries dropped somewhat. This is shown in the study by the Central Bureau of Statistics.

In June and July incoming orders increased greatly, thanks in part to big defense orders. In August the rate of increase moderated, but the month still showed a 2-percent higher volume of orders than August 1981. For the June-August period the increase was 10 percent.

On the other hand, industry's deliveries declined somewhat. In August exports by Swedish industry increased 2 percent in volume, while deliveries within the country dropped by 3 percent.

It was mostly the engineering industry (not including shipbuilding), the wood products industry, and the chemical industry that showed a positive trend in orders.

Iron and steel and metal-working, like the pulp and paper industry, show only a slight change, with declining incoming orders and deliveries.

8815

CSO: 3650/14

BRIEFS

INDUSTRY CAPACITY-UTILIZATION STABLE--The study of capacity utilization in the the second quarter of 1982 by the Central Bureau of Statistics shows that it is at the same level as last year, 80.5 percent, which is still a slight improvement over the first quarter. [Text] [Stockholm DAGENS NYHETER in Swedish 15 Oct 82 p 8] 8815

CSO: 3650/14

TURKISH LABOR ISSUE DEBATED BY KOHL GOVERNMENT

Istanbul MILLIYET in Turkish 12 Oct 82 p 8

[Article by Bulent Zarif]

[Text] Bonn--Arguments arising from the announcement that was included in a speech on foreigner policy made last week by Chancellor Helmut Kohl that the number of Turks in Germany will be reduced have created intense disagreements among members of the coalition government.

On the 45-minute West German television program, "Auslandsstudio," the night before last, officials from the liberal and Christian Democrat wings of the government set to quarreling with each other over the Turkish problem while debating the issue.

The program included views related to the statements of Chancellor Kohl on Turkish workers who continue to live in Germany and a film that surveys the labor market in Turkey. Vogt, the new undersecretary for the Ministry of Labor, asserted that "Chancellor Kohl's announcement is being misunderstood and misinterpreted." He said, in summary:

"There is no policy in Germany whatsoever solely for Turkish workers. There is a foreigner policy in Germany. Turkish workers are a part of this policy. However, the problems of Turkish workers bear a special characteristic within the foreigner policy. This characteristic is that Turkish workers, who will obtain the right to free movement in 1986 and who possess a highly developed culture, are a cohesive group because they cannot fit into the more powerful German community to the extent other foreigners can. In Germany, rules for workers from member countries of the Common Market are different from those for workers coming from outside the Common Market. There is absolutely no difference between the policy pursued to date within the foreigner policy applied to workers from outside the EEC. The only difference between the workers is a distinction in wording. The foreigner policy focuses on three major points -- integration, the encouragement of a return to the worker's native country if he so chooses, and restrictions on entry into the German labor market.

"When we place emphasis on encouraging return, we do not think only of a specific group. This is valid for all foreigners in Germany and is related to

foreigners who wish to return. There definitely is no question of pressure in this area. We categorically do not consider sending anyone back to his country through the use of force. This is a proposal, and the worker is free to make his own decision."

Free Democrat Party spokesman Hirsch was next on the program. He said that, during the social-liberal coalition, there certainly was no discrimination within the foreigner policy among various groups and that foreigners were dealt with as a unit. He noted that joint points of agreement determined among the coalition parties are valid for a 3-month period and that, if there were no such restriction, the liberals would add other articles to the domestic and legal pages, in particular, of the coalition protocol. Hirsch stressed that various measures against foreigners are taken during periods of government weakness, but that these measures are implemented within a framework of both constitutional rules and those of human rights. He continued:

"As Mr. Vogt said, the foreigner policy in Germany has three major features. They are to integrate into the community those foreigners who wish to remain in Germany, to encourage those foreigners who wish to return, and to preserve the ban introduced in 1973 that prohibits the arrival of foreign workers. We have taken measures on a great number of subjects to date. We have done so taking into consideration the German labor market. The most important problem here, in my opinion, looking at the unemployment rate in Turkey and discussing it with the Turkish Government in a positive atmosphere, is that the right to free movement within the EEC that will be ensured Turkey in 1986 can be suspended. In his speech, Chancellor Kohl, of course, took aim at the Turkish worker. This is because he knows very well that Turks make up the group that is the most difficult to integrate into Germany. To me, however, it is not important that a person has come from a NATO country or from Yugoslavia. What is important is that all are human beings and all possess the same rights.

"My fear is that, with these measures for returnees, the productive foreigners will go back to their countries, in particular, because they will be able to find businesses more easily in their countries. It is necessary to weigh this carefully. Another consideration is to determine, after examining the labor market and unemployment in Turkey, whether or not returning workers will have harmful effects on the interests of the two communities."

Increase in Hostility

Osman Okkan, who took part in the program broadcast by West German television, reported that Turks are suspicious about Chancellor Kohl's announcement that they are targets. He said that this does not fit in with work to integrate foreigners and, furthermore, that this gives ammunition to those groups that foster hostility toward foreigners. Okkan noted that there is no argument about Turkish workers' contribution to the German economy, but that, now that the economy is faring badly, politicians are looking to place blame and accuse Turkish workers because they are foreigners. He asserted that neighboring western nations have higher percentages of foreigners than Germany has, but speeches similar to Chancellor Kohl's announcements are not encountered there.

In response to a question of the program's moderator, undersecretary Vogt pointed out that giving foreigners the opportunity to decide to return themselves is a humane policy. He said that the Turkish Ministry of Labor expects Germany's understanding of Turkish workers, but emphasized that, because of traditional Turkish-German friendship and the fact that Germany is a NATO member, Turkey must also demonstrate an understanding of Germany.

11673

CSO: 3554/17

TURK-IS SUBMITS COLD REPORT ON CONSTITUTION

Istanbul MILLIYET in Turkish 7 Oct 82 p 11

[Text] Ankara--A report on the draft constitution submitted by Turk-Is [Turkish Confederation of Labor] on 23 September 1982 to the state chairman and members of the NSC [National Security Council] through Gen Necdet Urug, NSC secretary general, states, "Today, at a time when Turkey's future is being reshaped and when work is being carried out to prevent the democratic system from being endangered again, Turk-Is is strongly concerned about statutes of the draft constitution that regulate labor life, in particular."

The report, which consists of 25 pages as well as various proposals, reads, in summary:

"One reason for this concern is that restrictions that eliminate workers' rights and freedoms that have been gained will, unavoidably, create social unrest. Another is that restrictions will be used as a tool in politics as time goes on and, in this way, Turkey will again be divided into camps and will be dragged into an environment of dispute that will endanger democracy once again.

"Yet, as an organization that represents a large majority of Turkish workers both in the public sector and the private sector, Turk-Is does not wish such an outcome, but seeks to protect and develop the nation's interests and, using its resources in an appropriate manner, the occupational rights and interests of workers.

"Its ability to protect and develop occupational rights and interests is related, above all, to its ability to engage in unobstructed 'free collective bargaining.'"

Right To Bargain Collectively

The report notes that doubts arise because of articles on this subject in the constitution and refers to articles such as the inclusion of a high judges council in the constitution, the postponement of strikes, and the limitation of strikes to 60 days. It states:

"With this approach, free collective bargaining becomes a means of regulating employee-employer relations.

"There can be no strike when it is known in advance that it will last 60 days at the most or that it can be postponed. There is no doubt that the purpose is to prevent strikes. If conditions require it, strikes will not be held. At the bargaining table, labor will have bowed to employers' conditions at the outset. In this framework, it is not possible to speak of the right to collective bargaining. The right will exist only on paper."

Political Ban

The report states that the elimination of the right to strike will create a situation unfavorable to workers during implementation of collective-bargaining agreements. It reads:

"There is no doubt that the correct approach is for the Turkish union movement not to set out to take upon itself the functions of political parties, not to act as a political party when carrying out its duty to protect occupational rights and interests, and not to come under the sovereignty of political parties. However, when pursuing this approach, a system must not be established such that, in their efforts to protect workers' rights and freedoms, unions can constantly be accused of and punished for engaging in politics. It must be understood that a system that protects unions' independence from political parties is one thing and that one in which every action can be interpreted as participating in politics is another thing. Turk-Is has already passed this test during a period of the worst conditions. It is an organization that has been able to protect the independence of the workers' movement. This is an indication that it is an organization, and one which gathers in its ranks the large majority of workers and is, for this reason, strong, that will be able to eliminate fears on the subject of political activity."

Workers' Dues

The report has this to say about workers' dues:

"Another topic of concern is the work to eliminate the principle of payroll deductions for workers' membership dues. The wish to do away with payroll deductions for workers' membership dues and the emphasis on the need for financial supervision are contradictory in principle. If dues are taken out of payroll checks, the state will always be able to check on the amount of money that is invested in unions, both in the public sector and in the private sector. As is known, records of payroll deductions must be kept for 10 years.

"If this principle is abandoned, it will not be possible to ascertain sources of income. There remains the fact that such a practice will, once again, place focus on threats to workers. Organizations whose accounts are honest and open to all forms of specific examination could be thrown into a situation in which they cannot give an accounting because of difficulties in collecting dues and because of their inability to ensure supervision during collection of dues. Finally, as a result of such a practice, unions could fall into financial difficulties and, consequently, could be unable to protect the structure of that of a disciplined organization."

Lockout Right

The report, which was signed by Chairman General Sevkett Yilmaz and Education Secretary General Kaya Ozdemir, speaks of lockouts, saying, "The lockout is not a social right. It does not need to be included in the constitution. Laws already in force include the lockout. Nowhere in the world does the lockout appear in a constitution."

This view on national holidays is given:

"The final draft makes a change so that it is possible not to pay workers for national holidays, general holidays, and annual vacations. This approach violates both international practice and the principle of protection of rights that have been gained."

The report criticizes the establishment of different minimum wages by region and contends that this would create unnecessary disagreements among workers.

Proposals

Following its general criticism, the Turk-Is report sets forth new proposals for nine articles. The first proposal deals with Article 52 entitled, "The Right and Obligation To Work." Here, it is urged that the state protect workers with social, economic, and fiscal measures and that it take measures to prevent unemployment.

For Article 54, which deals with the right to rest, it is asked that "paid leave" for national holidays and weekends be continued.

As for Article 55 and the formation of unions, it is recommended that the article be adopted in general, but that the term, "in labor relations," which is included in the present article and which has a restrictive quality, be removed.

On the subject of political relations in the section on "union activity" in Article 56, this view is given:

"In fact, unions responsible for protecting and developing economic and social rights and interests of workers can never perform the functions of political parties. However, if a union's basic function is to protect and develop the economic and social rights and benefits of workers, it is not possible to isolate its work from politics. Unions are pressure groups. Pressure groups, which gather together around common interests, work to have an influence on political authorities so as to achieve these benefits. To bind the function of protection and development of rights in the economic and social arena to a rule bearing the general characteristic of remaining outside politics is incongruous with improvement of the constitution and, at the same time, runs counter to international norms.

The report harshly criticizes Articles 57 and 58 of the draft constitution, which deal with collective labor agreements, strikes, and lockouts. It asks

that statutes inhibiting the free collective-bargaining system be removed from the bill.

As for Article 59 dealing with small operations, it is stated that 60 percent of the businesses in Turkey are small operations and that, with this application, 60 percent of all businesses are left out of collective labor agreements. The report urges that this article be eliminated from the bill.

It is requested that wages and salaries included in Article 62 be placed under the security of the state. The report asserts that Article 149 dealing with the Supreme Judges Council completely eliminates the free collective bargaining system and proposes that legal statutes currently in force be placed within this bill and remain in effect.

11673

CSO: 3554/17

LIQUIDITY CRISIS FORCES NEW BANK INTEREST WAR

Istanbul CUMHURIYET in Turkish 9 Oct 82 p 6

[Article by Kenan Mortan]

[Text] Ankara--The gentlemen's agreement between banks has been broken once again, and interest rates higher than those set for savings accounts are being applied. According to information that has been obtained, it has been determined that interest differentials are being given to 3-month time deposits in particular and that the interest rate being applied is 50.5 percent. It was learned that, after the principles of the 14th interbank meeting were violated, several banks took the matter before the Central Bank and the Union of Turkish Banks. If sanctions are taken against the banks, whose names are being withheld, their checks will not be accepted nor will they receive foreign-exchange transfer service.

Because of a lack of cash on the market, a number of banks that were to collect interest on credit on 30 September were unable to obtain this money owed. While some of the banks noted that they "will collect" the interest owed them, other banks were seen to apply a supplemental interest rate in order to create an influx of ready cash. This practice, it has been learned, is particularly prevalent in the administrative districts of Tire, Odemis, Salihli, and Bergama. It has been observed that banks that are giving interest differentials are seeking 3-month time accounts in order to deposit mutual supplemental deposits in the Central Bank in particular and that interest differentials are rising in this type of interest-rate war.

As a result of the study we conducted in the districts in which interest differentials are being applied, it was learned that concern is shown especially for deposits over a million liras. Bank directors with whom we spoke reported that they could immediately provide interest differentials within the framework of their respective directorates general.

It was learned that, after banks experiencing cash shortages began to apply interest differentials, the Central Bank and the Union of Turkish Banks were informed of the situation. It was also learned that, if the Central Bank determines that differentials are being paid, sanctions agreed upon at the 14th interbank meeting will be applied against the banks. The checks of those

banks will not be accepted by other banks, and foreign exchange transfers and other banking services between banks will not be provided.

Bank directors general with whom we spoke told us, with the stipulation that their names not be used, that these types of sanctions are difficult to enforce and that the interbank meetings have been postponed to an indefinite date. As is known, it had been decided to hold the 15th interbank meeting on 26 August at the Istanbul Bank moderator office, but Minister of Finance Adnan Baser Kafaoglu postponed it until a new package program was announced. According to information received from banks, a new meeting date has not yet been set.

In the meantime, it was learned that several banks that are not giving interest differentials are approaching individuals and organizations that have taken out credit to meet various expenditures under the name "profit differentials." These banks, which are conforming with official interest rates, are sending official letters to businesses asking profit differentials at the rate of corporation profits at the end of the year. The businesses are being asked in the official letters to "demonstrate understanding" on the subject.

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CSO: 3554/22

PROLIFERATION OF BANKS, PERSONNEL SURVEYED

Istanbul CUMHURIYET in Turkish 5 Oct 82 p 7

[Text] Ankara--It has been determined that the number of development, investment, trade, and foreign banks established under special laws in effect in Turkey is 48 and that the total number of branch banks has climbed to 6,400.

According to a report published by the Union of Banks on the subject of the growing number of branch banks and employees since the 1 July interest-rate decision went into effect in particular, 135,000 bank employees provide service at 48 banks that are now active. The trend in large cities to open competing banks is now being encountered in the most remote towns. Branch banks are now located in places where the most important institutions for community life -- such as hospitals and schools -- do not exist. The result of the tight-money policy pursued during the last 3 years is the spread of branch banks to every corner of the country and the hiring of personnel to work at these branches in order to obtain the savings of farmers, craftsmen, and other citizens.

Eight Times Fewer Hospitals

Thirteen of the 48 banks active during the first 6 months of 1982 were established through special laws. The total number of branches of these 13 banks, which are considered state banks to a degree, is 2,610. There are 24 trade banks with 3,615 branches. The number of banks with foreign partners or established entirely with foreign capital is eight. These have close to 130 branches. In addition, there are two development and investment banks with six branches, and the Central Bank has 21 branches.

As of the end of 1981, according to the Union of Banks report, two new foreign banks were established in the last 8 months of 1981 while the number of branch banks set up through special laws rose by 40 and the number of trade banks increased by 70.

The number of branch banks, which is increasing rapidly, is now eight times greater than the total number of private and government hospitals providing service in Turkey. The number of branch banks also surpasses the number of middle schools and lycees in the entire country. In our nation, in which the increase in pharmacies is criticized, there are nearly as many branch banks as

pharmacies. There are even several branch banks on university campuses where a person cannot find a health clinic or a pharmacy.

While there are 6,400 branch banks in Turkey, there are 4,800 middle schools; 1,200 lycees; and 347 universities, academies, and schools of higher education. There are 827 private and government hospitals and 7,000 pharmacies. In other words, there are 5.3 times as many branch banks as lycees.

Five Times More Employees Than Doctors

As a natural result of the increase in branch banks, the number of persons working at banks has grown. Not including those employed at the 21 branches of the Central Bank, there are 135,210 persons working for 47 banks. The number of bank personnel is four times the total number of lycee instructors in Turkey; five times the number of doctors; eight times the number of faculty members and employees of every level at universities, academies, and schools of higher education; 11 times the number of pharmacists; and 19 times the number of dentists.

According to calculations that have been made, there are 9.5 teachers for each middle school, but 21 employees per branch bank. Turkey has 135,000 banking employees, but only 33,000 lycee teachers; 46,000 middle school teachers; 18,000 instructors at institutions of higher education; 12,000 pharmacists; 7,000 dentists; and 27,000 doctors.

Said another way, there is one lycee instructor for every 1,393 persons in Turkey; one middle school teacher for every 1,000 persons in Turkey; one instructor of higher education for every 2,555 persons; one pharmacist for every 3,833 persons; one doctor for every 1,703 persons; one dentist for every 6,571 persons; but one bank employee for every 340 persons. Likewise, there is one branch bank for each 7,187 persons; one middle school for every 9,583 persons; one lycee for every 38,000 persons; one hospital for every 53,623 persons; and one school of higher education for every 132,565 persons.

11673

CSO: 3554/22

GLISTRUP, FOE AGREE TO REMAIN IN FACTIOUS PROGRESS PARTY

Copenhagen BERLINGSKE TIDENDE in Danish 27 Oct 82 p 3

/Article by Solveig Rodsgaard: "Glistrup and Voigt Will Remain in the Progress Party"/

/Text/ Mogens Voigt does not want to be an independent in the Folketing, after all. After the founder of the Progress Party, Mogens Glistrup, informed him yesterday evening that he did not want to leave the Progress Party and form a new party, Mogens Voigt said that he would prefer to remain in the same Folketing group with Mogens Glistrup.

At a meeting between Glistrup and Voigt, three points of agreement were settled, which Mogens Voigt's district chairman in Middelfart approved, and both Mogens Voigt and Mogens Glistrup will try today to get Leif Glensgaard to abandon his plan to leave the Folketing at the next election.

In the discussion between Mogens Glistrup and Mogens Voigt, they agreed that neither Mogens Glistrup nor Mogens Voigt would vote against the idea of the Progress Party in the future without getting the necessary quid pro quo, even if group discipline is applied or the executive committee decides that the two of them cannot be nominated in that way in the future. They stated that Glistrup and Voigt will work together, during the period from now until the next election, to get legitimate Progress Party people elected to the Folketing, and that neither Voigt alone nor Glistrup alone will withdraw from the Folketing group.

It was Mogens Voigt who declared last Saturday, after voting for the government's emergency intervention, that if Mogens Glistrup had not formed a new party by 27 October at the latest, he was "the biggest betrayer of voters of the century." Mogens Voigt says that he does not care whether people laugh at him for altering his decision.

9266

CSO: 3613/15

DESPITE SETBACKS, GLISTRUP SEEN AS KEY IN SCHLUTER'S SURVIVAL

Copenhagen BERLINGSKE TIDENDE in Danish Sect II 14 Oct 82 p 1

[Commentary by Michael Ehrenreich: "The Government's Blind Partner"]

[Text] Even though Mogens Glistrup is in the minority in both his own party's parliamentary group and on the party's executive board, he almost holds the life of the government in his hands.

Mogens Glistrup has done it again. The Progressive Party's campaign leader has managed to put himself in the eventful Danish political center where he almost holds the life of the government in his hands. This is despite the fact that he is in the minority both in his own party's parliamentary group as well as on the party's executive board. And despite the fact he has ostensibly been defeated in a series of very important votes in the parliamentary group.

Recently, Glistrup had to suffer the humiliation of losing the vote on the position of political spokesman. No other party leader would have survived that.

But Glistrup's position does not resemble the position of any other party leader in the more traditional parties. Glistrup's political power is almost totally based on his ability to intervene decisively, as he is firmly convinced of his enormous power to convince the voters.

This last happened when Glistrup, in a matter of a few minutes, settled the dispute with the national chairman, V.A. Jakobsen, about the number of members on the executive board. For months the national chairman had traveled all over the country in order to promote an increase in the number of members on the executive board. In a television announcement, Glistrup turned directly to the voters. That is how the matter was settled.

Glistrup only received a seat on the parliamentary group's negotiating committee during the discussions with the government after it was put to a vote within the parliamentary group. Nonetheless, it is Glistrup who during the negotiations has dominated in the parliamentary group, a fact which none of the members try to hide.

Uncertainty

This position creates uncertainty, both in the government parties and in the parliamentary group, because Glistrup, in evaluating the collective political situation, must to a great extent also pay attention to his own. This spring the Supreme Court judgment in the tax case will be passed and if the outcome is anywhere close to the High Court's four year prison sentence, Glistrup is finished in the Folketing.

Whether the same could be said about Glistrup's position in the Progressive Party is another story.

"I can lead the party from a cell in the Vestre Prison," the party leader has been quoted as saying on many occasions.

Moreover, even moderate members of the parliamentary group are prepared to agree with him--for a while, anyway.

For the time being, the others in the parliamentary group are therefore obliged to take the back seat in favor of the party founder. And this created tension within the group. No one knows how far Glistrup will go. And he does not elaborate on that himself--neither officially nor at parliamentary group meetings.

"Glistrup's brain has been hit by a stray missile. The wires have been reconnected--but not in the right places," says a member of the parliamentary group who himself has no clear impression of whether Glistrup is ready to pick a nonsocialist government.

True Supporters

Neither do Glistrup's true supporters in the group constitute a united flock. The assumption is that Mogens Voigt will under all circumstances follow the party leader.

Leif Glensgard and Kristen Poulsgaard are more doubtful. In a vote on the life or death of a nonsocialist government, Helge Dohrmann and Ove Jensen are expected to follow the chairman of the parliamentary group, Uffe Thorndahl, who, along with the majority of the group, is prepared to save the government based on a mere political evaluation, overlooking that the alternative to the four party coalition government is an election with a new Social Democratic government as a very likely result.

Ever since Uffe Thorndahl was elected chairman of the parliamentary group, he has put his main efforts into making the Progressive Party "appealing" to the other nonsocialist parties. The day after Anker Jorgensen's resignation, he forced through a resolution in the Progressive Party's parliamentary group stating that the party's attitude was to be formulated and finalized by vote where the minority follows the majority.

Glistrup has repeatedly stated that he is prepared to follow this resolution. But the tension in the group shows that a great uncertainty exists about how far indeed Glistrup is willing to follow the majority in future decision-making.

The Progressive Party's leader is the government's blind partner.

PAPER VIEWS RECENT DEFEATS OF GLISTRUP IN OWN PROGRESS PARTY

Copenhagen BERLINGSKE TIDENDE in Danish 4 Oct 82 p 10

[Editorial: "Farewell to Glistrup"]

[Text] Fourteen days ago, Mogens Glistrup was cheered at the Progressive Party's national congress. He had declared war against what he saw as an increasing bureaucracy in the party. And he won the war, especially since he threatened to walk out if the vote on rules for the new party organization would be against him.

On Thursday it was the parliamentary group's turn to meet. It was to prepare the work in the upcoming assembly. The majority of the parliamentary group used the opportunity to outline a series of routine procedures on parliamentary work. A permanent political spokesman was elected; and when this resolution is put next to the resolutions about working with permanent spokesmen on the various political issues, the total result will be that there will no longer be any room for Glistrup in the form of political activity which he has made use of since 1973.

Glistrup's most important political measure in the Folketing has been his unlimited ability to get involved in every debate. This he has utilized--to the utmost--in order to establish himself as an uncontested political leader, and this he has utilized for a long time in order to set up his party as an impulsive expression of protest. A portion of his political power and parliamentary activity derives from the persistence he has employed in taking the floor in the Folketing. By doing that, he was sometimes able to make politics out of issues that only became political when he touched them.

The majority in the Progressive Party's parliamentary group has therefore hit on a far-reaching resolution by appointing Ole Maisted as a permanent spokesman. From now on it will be his task to explain what the policy of the Progressive Party is. Glistrup has only rarely been confronted with a demand to explain the coherence of the Progressive Party's parliamentary proceedings. Both friends and foes know that any questions about that were superfluous. Either the answer was a reference to the platform on which the party was formed or it was even less coherent. But Maisted is elected as a political spokesman by that part of the parliamentary group which wants a real

influence in the Folketing. He is not a campaign leader and he will not be able to manage by repeating old viewpoints on questions about the Progressive Party's real policy.

The election in the parliamentary group therefore marks a milestone in the history of the Progressive Party. A majority has emerged there which is willing to lay down a stable line which will increase its influence in Danish politics. This majority is so large that even Glistrup's well known temper will hardly be able to make it disappear again. If this majority is also prepared to form a policy which gravitates towards the center rather than the extreme, then this election perhaps also marks an important step in Danish politics.

9583

CSO: 3613/10

FDP SPLIT RESULTING FROM COALITION CHANGE

FDP Left Wing Opposes Change

Hamburg DIE ZEIT in German 1 Oct 82 p 5

/Article by Horst Bieber: "Domestic Quarrel Before the Change" /

/Text / Norderstedt, end of September 1982--The organizers had expected 150 visitors; 700 people showed up last Saturday in Norderstedt for a family gathering of leftwing liberals: "Another change for the liberals!"

Between the planning and the event was 17 September, the day on which the chancellor cut the tie between the SPD and the FDP, the day on which the fragile peace that had existed within the three-point party was destroyed permanently, and many either fear or hope: irreparably. A mood of excitement spread through the crowded hall of the Shalom Church. It could only be contained with difficulty by the three Bundestag deputies--Ingrid Matthaeus-Maier, Helga Schuchardt and Friedrich Hoelscher--who do not want the break but a return--a correction in the course which, however, cannot be realized with Hans-Dietrich Genscher. One day before the election in Hesse, which ended in a catastrophe for the FDP, the participants demanded: "Hans-Dietrich Genscher, whose policies unnecessarily drove the FDP to its most serious existence-threatening test, must immediately resign from the Federal chairmanship." There were no opposing votes and no abstentions.

Genscher, on the other hand, appeared 3 hours later on the television screen. In Dillingen, during the party congress of Saarland's liberals, he defended himself against his critics: It is incredible that FDP liberals want a defeat in Hesse. Juergen Moellemann, a stern supporter of his master, challenged the Genscher critics to resign. "Snipers" and "insurrection from above," "coalition liberals" and "Otto Graf Genscher"--there are no more pleasantries in the FDP. "Gattermann's and Moellemann's people" (leftwing statement: "Of course, the further on the Right people are, the more leftwingers they see") are heating up the mood as much as William Borm does on the other side: "Continuous zigzagging" and "dark machinations." In the hour of confusion and fear of survival a split occurred which is getting bigger every day.

A few people already took the consequences and left the party; there were more in the north than in the south, fewer in small towns than in large cities. Bonn's Thomas Dehler House does not yet have figures available, but probably the number has already reached several hundred. And there is a danger of another exodus, if the party leadership should carry out the change to the Union before the special party meeting (17 October in Duesseldorf). The leftwing liberals in Norderstedt pleaded with their supporters not to leave the party, "not to leave voluntarily the majority to the new majority." Nobody dares to predict what will happen if the special party congress that was demanded by the four north German Land associations reject Genscher's tactics.

After all, there is not only one clear split between the social-liberals and the Free Democrats who are determined to make the change--they should enjoy an adequate majority among the 85,000 members. The party is split several ways.

--One group consists of staunch leftwing liberals who cannot imagine Free Democratic politics except in a coalition with the SPD and they do not want to think of it either. Without denying the difficulties of the last 12 month, they are still convinced that commonness has by no means been exhausted.

--There is another group which feels that its first obligation is to the election promise of 1980: with Schmidt, against Strauss. Its members are calling attention to Genscher's words after the 1980 election: "We will live up to what we agreed with the Social Democrats. I would like to say it loud and clear: We are not going to make changes, additions, and we are not going to shake up things and complain." Ingrid Matthaeus-Maier summarized it in the following manner: "The Federal chairman demands that I and the other German Bundestag deputies are more loyal to him than to the voters. My friends, I do not think that it should be so and I will not comply."

A third opposition camp is of the opinion that a change, if it is necessary, should only be made after a vote by the people, despite the danger that they may not get 5 percent. Liberalism also, and above all, means honesty.

A fourth wing, which is principally not opposed to the change, wants to make it dependent on specific matters in question: What can be materialized better with the Union than with the social-liberals? Should the break be based on a tax surcharge which has been demanded by the SPD and which has been conceded to the Union under a different name? Can a party which stands for civil rights accept the fact that the CSU disavows the exponent of this liberal policy?

The number is large of those who are offended by the circumstances of the change. Although they reject the word "insurrection from above," they agree with the criticism: "undemocratic," "illiberal," a decision by the party leadership which deprived the grass roots of all opportunities for codetermination. Some of the members who left had fought for a coalition with the Union for a long time, but they reject this approach. Matters in question have inseparably been tied to questions of style, and they agree on the person who is to blame for the debacle: Genscher, the manipulator who got caught in his own trap. He received a mandate for negotiations with

the Union form 33 Bundestag deputies after threatening three times that he would resign, but he did not get a blank check for the switch, and in Hesse the FDP clientele voted against the change. Genscher's critics are determined to ostracize him in Duesseldorf. Their chances, however, are poor.

The statement about the powerful leadership and the brave--or nonexistent--grass roots has been wrong for a long time. For 4 years the FDP membership has been moving closer to the Union because some people are leaving and others are joining the party, in some instances it has been targeted through the proverbial "brokers, painters and paperhangers" or, as happened in Cologne, of waiters whose vote caused Gerhart Rudolf Baum's defeat on a regional level. In Schleswig-Holstein the leftwing liberal world is still in order, in Baden-Wuerttemberg the change seemed unavoidable until the leftists demanded a special party meeting.

The fact that changes were at hand became apparent no later than 1980. An unexpected 10.6 percent for the Bundestag parliamentary group, the majority of which is already further to the Right than the party's Federal body. The "Young Liberals" demonstrated that the "party's youth" can no longer be compared to the "Young Democrats." And since Genscher's 1981 "letter of change" all party members knew what the course of action was going to be.

Most of them, however, were not prepared for the clumsiness of their party chief, who had been highly praised as a tactician. Schmidt's 17 September speech put the FDP in a corner which had been feared almost panically since 1961: the independable tumbling party. Liselotte Funcke called it the "worst time" which--directed at Genscher--she "never wanted to experience again." The anger that is directed at Genscher extends to the right wing, which is otherwise in agreement with his goals. Hesse is lost, Bavaria is in danger, in Schleswig-Holstein the chances for a social-liberal coalition have been reduced, in Hamburg and North Rhine-Westphalia parliaments are without FDP representatives; every Bundestag election, whether it is still in 1982 or in March 1983, poses a danger of "survival"--suddenly the tactician is unsuccessful. No means is available against the "green" competition or against the label "treason." The party cannot even count any longer on the effect of sympathy or the bonus of reason among the voters, who want a reliable person who can produce a majority instead of the "green" rejection. The change failed completely.

In the meantime the unrest has spread to all land associations. Entire council factions left, signatures are being collected for Genscher's resignation, up to 20 percent of the party members are protesting; the left wing of the party estimates that between 5 and 8 percent are thinking about leaving the party. The party "center," which has been remarkably quiet for a long time, woke up and discovered that the rightwing liberals within the party have already organized. In the district of Stuttgart the vote against the coalition with the Union was 70 to 50; the relationship was the other way around, however, when it came to Genscher's resignation. And the representative elections for the Land party rallies are yet to come--the more or less unavoidable controversy over the future course is already in full force.

If all of Genscher's critics were to follow Moellemann's suggestion "to go"--Helga Schuchardt estimates--40 percent of the members would leave the FDP. Even if only half of them left, it would be more than the party can stand.

Helga Schuchardt Interviewed

Hamburg DIE ZEIT in German 1 Oct 82 pp 5-6

/Interview with Helga Schuchardt: "'There Will Be Consequences'"; date and place not given/

/Text/ DIE ZEIT: What is the effect of Hesse's election result on Bonn's contemplation to make a change?

Schuchardt: Everything is still as undecided as it was before the elction. Apparently those two who instigated the new coalition, Kohl and Genscher, are determined to complete their plan. Of course, there are two imponderables. One of them is the CSU, the other is the FDP. Is it still willing to follow Herr Genscher? Or will it say: We must start anew and make the name of the FDP something likable again?

DIE ZEIT: What are the imponderables when it comes to the CSU compared to the FDP?

Schuchardt: The CSU will certainly not permit that we will pursue certain issues, for instance, in domestic and in judicial policies. Of course, there will be consequences for the FDP. The 33 deputies who agreed to the negotiations did so, of course, with the understanding that the CDU would be willing to meet us on certain issues. Instead we are now purusing the economic policy of the SPD and the domestic and judicial policies of the CSU.

DIE ZEIT: What is the new beginning of the FDP going to be like?

Schuchardt: My personal opinion is that we have only one mandate--but still a mandate--for the social-liberal coalition. An attempt should be made to continue in this direction with new persons--more credible persons.

DIE ZEIT: Who, in your opinion, would be a good party chairman?

Schuchardt: I could think of Baum, naturally, or others.

DIE ZEIT: What kind of a majority would you associate with Baum?

Schuchardt: That is still open.

DIE ZEIT: As you see it, an FDP Chairman Baum would have to renew the social-liberal coalition?

Schuchardt: Either he would have to renew it or give up minister posts and support an SPD minority government. The question remains how much Schmidt feels obligated to his argument of new elections. After all, the election in Hesse clearly showed the open result of a future Bundestag election. It means that a Bundestag election can end up like the one in Hamburg or the one in Hesse. And all those people who at the present are still active feel that the risk is perhaps too great.

DIE ZEIT: If a minority government under Schmidt should be tolerated, do you think that the SPD would demonstrate more willingness to compromise?

Schuchardt: On our part toward the SPD and the other way around, both are necessary. After all, whatever one is willing to concede to the CDU--the tax surcharge, for instance--should not be refused to the SPD. On this basis the SPD/FDP coalition can operate remarkably well, and it would have been able to do it sooner if the FDP had not erected certain taboos and the SPD had not reacted with its own taboos. Suddenly we were surrounded by a forest of taboos and we were no longer able to conduct any kind of sensible politics.

DIE ZEIT: You are presenting two arguments against new elections. One of them: You mention, under certain circumstances, the conditions in Hesse. The second one: The FDP could be eliminated in new elections. In other words, Helmut Schmidt may not be able to want new elections because of the expected result, and the FDP must not want them because of the expected elimination. Is this the option of a barter arrangement: Toleration of an SPD minority government under Schmidt in exchange for giving up new elections?

Schuchardt: I believe the situation demonstrated that everybody will have to reconsider his plans and figure out whether they are still realistic and desirable under the changed circumstances. Of course, the chancellor said again and again--which is the reason why he wants new elections--that he did not want to hand over this house, the FRG to Kohl. But he could envision Stoltenberg. If these insinuations are correct, he will now have to think it over again. Because new elections might put Chancellor Schmidt in a position--as happened to Boerner--where he will be dependent on the "Greens." Which means, he will also have to start a thinking process; everybody will have to reexamine his own position under the changed conditions.

DIE ZEIT: Whether you call it a barter arrangement or a reexamination, the result would be the elimination of new election in exchange for the toleration of a minority Chancellor Schmidt.

Schuchardt: Yes, that would be the only consequence. We would then have to be willing to accept it.

DIE ZEIT: Could you imagine that the FDP might fall apart over this question?

Schuchardt: Yes, there is no doubt about it. But if Kohl is elected now for better or for worse, there will also be consequences for others within the FDP.

DIE ZEIT: Would the FDP react differently if the CDU presented Stoltenberg?

Schuchardt: Many of us consider it unbearable that the agreements between Genscher and Kohl add to the guilt of the FDP, because the Union did not have a chance to nominate a qualified candidate for the chancellorship. In other words, thanks to the FDP now we also have to experience a loss of quality in this FRG. For reasons of quality, it would be much easier for many to elect a Stoltenberg.

DIE ZEIT: Is he the only one to be considered?

Schuchardt: No, there are also other names that have been mentioned--Weizsaecker, for instance.

DIE ZEIT: If things happen according to the Genscher strategy, will the FDP fall apart?

Schuchardt: I believe that a considerable segment of the FDP will leave the party, whether they split, go private or whether they say: We will try to start anew, outside the FDP. Because the FDP, the way it will be then, without a domestic and judicial policy profile, diffuse with respect to its economic policy, it will no longer be the liberal party. As a consequence, one will have to try--if one wants to preserve an organized liberalism--to set something else in motion.

DIE ZEIT: When will the decision be made?

Schuchardt: It will be made when Genscher's course is finally confirmed by the party rallies.

8991

CSO: 3620/24

BRIEFS

KIVISTO, KAJANOJA ON HELSINKI LIST--Chairmen Jouko Kajanoja and Kalevi Kivisto succeeded to the head of the list in the SKDL voting in Helsinki for candidates as members of parliament. Majority candidate Kati Peltola placed third. Minority leader Seppo Toivianinen placed fourth. Finnish CP Chairman Kajanoja and SKDL [Finnish People's Democratic League] Chairman Kivisto emerged as a clear leading two-some in the voting by the membership of the Helsinki district. The other candidates each received less than 1,000 votes. Peltola received 779 votes and Toivianinen 733. The SKDL has three members of parliament from the Helsinki district. Of these, Aarne Saarinen has agreed to withdraw. The other two are Peltola and Toivianin. Unless the SKDL gains another seat in Helsinki, one of the latter two must become eliminated because party leaders seldom lose out in general elections. It is being conjectured in SKDL circles that the placing of Kivisto as a candidate was a move designed for the elimination of Taistoist-faction Toivianinen from parliament. For their part, the minority gained the leading positions in the Pohjois-Hame district in the persons of Mikko Kuoppa and Marjatta Stenius-Kaukonen. Third place went to Ulla-Leena Alppi of the majority. All these three are incumbent members of parliament. In Etela-Pohjanmaa district the minister-level material was trumps, with Jarmo Wahlstrom taking the lead. [Text] [Helsinki UUSI SUOMI in Finnish 7 Oct 82 p 3] 5955

CSO: 3617/11

KKE NEWSPAPER PROVIDES ANSWERS TO POLICY QUESTIONS

Athens RIZOSPASTIS in Greek 14 Oct 82 p 3

/Text/ Question 1: What is the relation between real change and democratic cooperation about which the 10th congress spoke?

Real change in essence is nothing other than democratic cooperation under present conditions. Both real change and democratic cooperation are going in an anti-imperialist, antimonopolistic democratic direction, without, however, getting the country out of the regime of the monopolies.

The goals of real change are generally the same as those of democratic cooperation, with the difference that in all fields, particularly in the field of foreign policy, they are broader than the goals of democratic cooperation. This difference is due to the fact that from the time of the 10th congress until now, the correlation of forces in our country has changed to the benefit of democracy, independence and progress.

From a strategic standpoint, the role that democratic cooperation was called on to play is the same that real change is being called on. In other words, moving forward toward the establishment of an anti-imperialistic, antimonopolistic democratic front for setting up a democracy of the people or, under certain conditions, its conversion to a phase of passage to a democracy of the people.

Question 2: Can we bypass real change and go directly to the first stage of unified revolutionary process, in other words to the democracy of the people?

As far as the goals of real change are concerned, it is not necessary that they be met before the beginning of the unified revolutionary process. These goals can be met, and in fact better, in the democracy of the people.

However, in order to go over to the democracy of the people and in order to implement its program, we must have the following:

1. An anti-imperialist, antimonopolistic democratic front that would embrace the majority of the people.

2. A multiform militant preparation of this front.

3. A leadership of the working class, through its party, in this front.

Of course, if all of the above were to be created to the necessary degree, then the struggle for real change would have no meaning. However, there is no such degree today. Consequently, the overall problem is how through the fight for programs of direct practical action (democratic cooperation, real change and other such things) their creation to the necessary degree will be reached. Or, as Lenin said, the overall problem is how, through fighting for burning problems that affect the masses, we will help them to move to revolutionary positions or to move forward directly to carrying out the revolution.

Under no circumstances can we bypass this problem because without the organized and revolutionary-educated majority of the working people revolutionary change cannot be realized.

Question 3: From the moment when today the fight is being waged for the unity of the forces of change, does the goal for the building of an anti-imperialist, antimonopolistic democratic front that the 10th congress raised remain?

This front is needed for the establishment of the democracy of the people. Consequently, not only does the need for its establishment remain but the entire struggle for real change must be subject to its promotion.

If there is no such subjection, the people's movement will be forever condemned to fight for programs of direct practical action in the monopolies regime without being able to overthrow it.

Question 4: Where does it appear that there are in PASOK forces with anti-imperialistic tendencies?

Today, it appears first of all in the fact that even at meetings of not only PASOK adherents but also of its cadres ("PASOK's Youth Holiday '82" in Athens and Salonica, PASOK cadres meeting at the Sporting Stadium, etc.), those present shouted anti-imperialistic slogans such as "Out of NATO Forever," "Down with the Bases," "Out of the EEC."

It also appears in the fact that PASOK followers and members are taking part, together with KKE members and followers, in anti-imperialistic militant demonstrations.

An expression of these anti-imperialist tendencies among PASOK followers is the fact that today its leadership, although it is pursuing a policy of improving conditions of dependence from imperialism, is obliged from time to time to proclaim that these anti-imperialist demands have not ceased being PASOK goals, that they nevertheless belong to the category of "visions" and that it would be the one to determine "when and how they will be realized."

Question 5: What has changed, and the issue of change is going through the mass movement and not through the working class and its allies?

Nothing has changed. From the view touched upon by the question, what was in effect in the past is in effect today.

The working class and its allies are active in the mass movement (labor unions, agricultural societies, etc.).

Consequently, when we say that the mass movement must be the principal cog of change we mean that the working class, the farmers and its other allies will take into their hands, through the mass organizations and with their organized and united struggle, the matter of real change.

The duty of communists was and is, through mass struggles for immediate demands, in close connection with the more general issues of real change (NATO, EEC, abolition of monopoly immunities, etc.), to help the working class, to forge its alliance with other workers and to assume indisputable leadership power.

Question 6: A year after the elections, the slogans of change have not diminished in the minds of the people. From where does it appear that the need for real change has begun to strongly crop up among the masses?

No, there is nothing that speaks of any such diminution. The workers who voted for change have not stopped, not even a small percentage of them today, to continue wanting the materialization of the goals of change. More simply put: nothing has intervened that has made even a miniscule proportion of those who voted in favor of change not to want today those things they wanted yesterday (for example, to strike a blow against the immunity of monopolies, to improve the situation of the working people, to have us withdraw from NATO, etc.). And it does not exist for the simple reason that all of these things have anything but stopped corresponding to their interests.

Here, however, there must be no confusion over the adoption of goals of change by the workers and over the struggle of the workers for the realization of these goals. I might want the goals of change and fight as much as necessary for them, but I might also want them and fight little for them, I might even want them and have no inclination to fight for them.

From this viewpoint, there are, of course, PASOK adherents who want the realization of the goals of change but they are not fighting to the degree necessary because they are influenced by whatever the PASOK leadership says about "insurmountable obstacles," about "visions," about the need for "trusting time," about "two 4-year terms," etc.

Generally, it is a fact that the struggle of the working people for change has not yet reached the level required for its realization. Besides, for that reason the positions of the central committee stress the need for the struggle to expand and, more generally-speaking, for promoting the creation of all the conditions for real change.

As to whether the need for real change has begun to strongly crop up among the masses, this is shown by many factors such as the following:

1. The mass struggles of the workers not only for immediate demands but for matters such as nationalization of monopolies, bases, NATO, etc.
2. The fact that at meetings of PASOK itself, its followers put forward goals of change (NATO, bases, etc.), demanding their realization.
3. The fact that there is growing discontent among the workers, as well as PASOK adherents, because the goals of change have not yet been realized by the present government.
4. The fact that the unity of the grassroots has begun to be strengthened over the goals of change.

5671

CSO: 3521/42

CORRECT DECISION TO REMAIN IN EEC JUSTIFIED

Athens OIKONOMIKOS TAKHYDROMOS '77 Greek 14 Oct 82 p 30

/Editorial: "Greece, the Middle East and the EEC: Now When Norway is Seeking Entry!"

/Excerpts The following is a piece of news that all those here who are opponents of the European Community and those who are in favor of having Greece withdraw from it should give attention to and ponder over: Norway --which exactly 10 years ago held a referendum and decided not to enter the EEC as a full member-- is now considering to seek entry into the community! It is doing so because it realizes that the community is the best context for maximizing both its economic and political interests.

Primarily, it means that the decision of the PASOK government not to pull the country out of the community but to negotiate a status of special arrangements within the community context is fully justified and realistic. The reexamination that PASOK made as a government in its position vis-a-vis the community is a courageous recognition of the fact that, as in the case of Norway and so for Greece, the European Community offers at this time the only context within which the country can develop its political identity and to pursue its economic development. Any other alternative context does not exist, at least for the foreseeable future. (If the proponents for the withdrawal of the country from the community "see" another solution, then it would be proper for them to identify it.)

In fact, the recent developments in Greece's neighboring areas have confirmed the correctness of the judgement to have the country remain in the community (and, of course, to justify the decision to enter it). As the government has undoubtedly ascertained, while the greater area of the Eastern Mediterranean (Middle East, Arab World) is undergoing a period of remarkable instability, when a given people (Palestinian) is being exterminated and split up, when a given nation (Lebanon) is essentially being placed under foreign occupation, when all of these dangerous events are occurring around us, Greece itself is securely anchored in the community port, in other words, in an area with the highest index of political stability, economic prosperity and development, in an area where countries such as Portugal, Spain (or even Turkey) are making so many efforts to approach.

Today, Greece is not a passive factor within this community area. It is a dynamic factor thanks to the militancy of the present government.

Thus, the country that was up to the recent past an indifferent factor or even subjected to foreign pressures and interventions, has begun, with its presence in the community, to take initiatives, to play a leading role in the solution of peripheral, and by extension international, issues.

As has been written, Greece is advancing --with the assent of France and Germany-- the pro-Arabic policy in the community, while the latter looks to Greece for the development of its relations with the Arab World.

These new possibilities, whether we want them or not, are due to the presence of the country in the community (and, of course, the desire of the present government to decisively exploit this fact). Never in the past has Greece had the possibility to mobilize Europe --i.e. countries such as Britain, Germany, France, Italy, etc.-- to push forward goals of its foreign policy. It does have this possibility today, something which is absolutely confirmed by the experience of the latest Greek initiative in the Middle East area.

This fact provides the political justification of the entry and stay of the country in the community. Prime Minister Andreas Papandreou --as a realistic and clear-sighted politician with the vision to deliver Greece from the bonds of dependence and subjection, of interventions and pressures, with the vision to have Greece respected and reckoned with by both friends and enemies, with the vision to close the gap that the Asia Minor catastrophe 60 years ago had opened-- recognizes that the community offers the context for the materialization of the vision. (It is true that this vision, with perhaps a different content, was first conceived by President K. Karamanlis, whose political sense appears to lead him to judgements that are advantageous to Greece...).

From a political standpoint, therefore, the country's remaining in the community is justified. It is justified in a way that contributes to the materialization of PASOK's permanent ideological goals: deliverance from dependence, strengthening of autonomy and independence in the international arena, far from superpower and foreign decision-making centers. It is perhaps noteworthy that entry into the community --to which PASOK had been opposed-- appears to be better "serving" PASOK's fundamental goals.

5671

CSO: 3521/42

REPORTED CRISIS WITHIN KKE ANALYZED

Athens OIKONOMIKOS TAKHYDROMOS in Greek 14 Oct 82 p 30

/Article by Stathis Khaikalis: "Growing Crisis Within the KKE?"

/Excerpts/ While indications are continually increasing showing a growing crisis within the KKE, no one can anticipate that it will take place in the foreseeable immediate future. As even acknowledged by its present cadres, the propagation of the "line" being followed from 1974 until now has been shown to be ineffective in present conditions, a fact that is provoking doubts and anxiety among many of its followers. In fact, PASOK's coming to power in the first place and also the phenomenon of the stagnation in the number of party members, primarily in the KNE /Greek Communist Youth/, is causing serious concern. Electoral results in various areas over the past 2 years have caused discontent among KKE cadres and adherents who had grown accustomed to constant increases in party strength since 1974. And if the small percentage of the October 1981 parliamentary elections are justified by the "PASOK wave," the stagnation of the KNE in the universities, as well as that of the ESAK /United Antidictatorial Labor Movement/ in the labor movement are creating reasonable questions. These phenomena are already giving rise to despondency among many within the KKE who believed that the problems of the "social-democratic" and "petit bourgeois" PASOK government would have inevitably led to an increase in the influence of the "party." To the contrary, maneuverings within the KKE show that the problems that PASOK is facing have contributed to the collapse of certain slogans --myths and simplistic solutions (for example, "out of NATO, here and now")-- and the inability of the orthodox communist party to move forward toward vigorous theoretical thinking have become obvious. KKE cadres recall that the "vision" of the party corresponds to 1960 conditions and not at all to present ones. In fact, it is logical for one to maintain that the increase of KKE influence up to now is due less to the propagation of its positions and more to the following:

1. To the sentimental burden of so many generations of leftists who had been hunted down until 1974 and then all of a sudden they got the chance to vote for the "party" in its most irreconcilable aspect --and not the moderate, "conciliatory" KKE (Int.).

2. To the monopolistic representation in Greece of the "riches" of the Soviet model, with the given fact that there exists in our country, even within conservative circles, widespread pro-Sovietism --perhaps as an extension of anti-Americanism-- (pro-Sovietism that is furthermore reflected in the position of the press in matters concerning the USSR).

3. To the inexistence of an opposing ideological --and not political-- requirement that would have revealed the origins and consequences of its positions.

Thanks to the moral assistance of "existing" socialism and to the demands of intransigence by the post-dictatorship money markets, it crushed the KKE (Nat.).

(Without ignoring the inadequacy of the latter), PASOK avoided --up to 18 October 1981-- ideological swordplay with the KKE, within the context of its most effective maneuver to "get along" with the traditional left on many issues. (Most effective since, in 1981, PASOK obtained 48 percent of the votes, while the KKE hardly received 11 percent....).

The amazing indecision over the publication of the positions of the 11th congress furthermore reveals the problems that the party leadership itself is facing, a leadership that just a short time ago was characterized as solidly monolithic. KKE cadres are depending on a change of some faces for a repositioning of the party, perhaps at the next congress, because they believe that its manner of organization does not permit further optimistic prospects (change of foundations).

Nevertheless, it should be emphasized that the innate problems of communist parties and especially of "orthodox" ones --"a unifying front so that the opposition might not benefit," satisfaction of a multitude of members who were brought up on Stalinist Manichaeism, etc.-- usually do not permit them more widespread changes, with the result that they are constantly and more and more removed from reality. It is therefore very possible that the KKE, despite some change of faces, will continue to appear as excessively pro-Soviet, unusually collective in its internal functioning, with a leadership that is aging and falling into many party sins, incapable of abandoning the wooden tongue of naive and redundant positions.

Nevertheless, for many of its members, especially its newer ones, a few burning questions are continually becoming more acute:

- Until when will a large segment of the KKE grassroots stifle their opposition, grassroots that were mobilized primarily after 1974 with the sincere purpose of defending the rights of the economically underprivileged workers?

- Until when will they tolerate propagandizing for candidacies in various elections showcase individuals whom they consider of lesser socialist and democratic trustworthiness with the assurance of the leadership on party interest and on the basis of the Jesuit principle of "the goal justifies the means?"

- Until when will the pretext of the "intensification of the class struggle" and the method of the by-no-means democratic "democratic centralism" leave the party leadership unchecked on many issues, a leadership that calls progressive an essentially retrogressive vision of man and society?

FRG, GDR REPORTEDLY REFUSE TO SETTLE WAR REPARATIONS ISSUE

Athens TA NEA in Greek 27 Sep 82 p 11

[Text] Greece has 135 million dollars "to receive" from West Germany for war reparations. This claim has been "dragging on" for 37 years and the Germans do not seem to have any inclination to fulfill their obligation.

The German viewpoint is that the war reparations issue is connected to the act of a peace treaty being signed (between the allies and Germany). But this treaty has not been signed yet! Naturally, West Germany shows no eagerness to sign such a treaty. And the World War II allies are not pressuring the defeated country to come to the table and sign the text which will certify the end of the war.

The reparations issue should have been discussed at the 1946 Paris conference. But this conference (in which Greece participated) was limited to distributing among the allies the proceeds from the dissolution of German war factories.

Greece's claim for reparations was first put forward in 1964 and was put forward continually (in various contacts) until 1966. The German viewpoint cites the 1954 London agreement which provides that the claims confronting it will be examined after signature of the peace treaty. But this treaty has not been signed, despite the fact that it has been 37 years since the war ended.

Since Greece was encountering in these contacts Germany's argument (about the peace treaty not being signed), in 1966 it asked for negotiations to be carried out. The Germans rejected the Greek claim, citing the London agreement.

Nevertheless, the Greek viewpoint offered the argument that the issue of our claims could be settled in the frameworks of the Bonn-Paris and Bonn-London agreements. The issue did not pass, however; it remained open.

135 Billion in Naphthalene

Greece's claims are (according to an estimate made in 1947 by the General State Accounting Office) worth 135.8 million dollars. This sum covers reparations to victims, property destructions and lootings, sinking of ships, plundering of products, etc.

Occupation authorities forced the Bank of Greece to pay the expenses for their troops' stay in our country. In addition, the Germans took huge sums from the

Bank of Greece in the form of credits. The only concession made by the Germans was in 1961 when they gave Greece 115 million marks for reparation (for "mental distress") of victims' families. (However, they gave 420 million marks to Yugoslavia, 600 million to France, 240 million to Holland, and 250 million to Belgium.)

Reparation for each dead person was set by West Germany at the sum of 17,500 drachmas.

Hostages' Claims

Independent of intergovernmental contacts, the hostages' organizations are constantly promoting the claim for reparations to be paid to them. The Greek hostages' viewpoint is that the Germans should repay them for the forced labor they rendered in the camps. They cite the 1952 Treaty of Rome which forbids using prisoners for forced labor.

The 50,000 hostages broke rubble and built roads in Germany. Their claims for this work cover the total sum of 24 billion drachmas.

And there is the sad detail: 12,500 Greek hostages found death in the German camps. The families of these victims are submitting (or should submit) claims for reparations.

Nevertheless, there is one fact: The German Government was compelled to pay reparations to all those who had recourse to the courts. This happened in the case of anti-Hitlerite Germans who had been driven out. The same happened in the case of Americans. Moreover, three Greeks who appealed to German law found justice (however, they were of Greek descent, but had U.S. citizenship).

East German Counterclaims

Greece is also submitting claims to other countries which have an obligation to participate in paying reparations. Greece has broached the issue of its claims, resulting from losses it suffered during the war, to East Germany.

Since 1976 representatives from the two countries have had contacts (twice a year), the purpose of which is to devise a formula for reparations.

Recently, during the visit of East German Minister for Foreign Affairs Fischer, the Greek side (Minister of Foreign Affairs Kharalambopoulos) again broached the issue. East Germany shows no interest in covering the Greek side's claims. On the contrary, it is putting forward counterclaims. These are of two categories:

1. Claims are being made from the industrial products which had been imported (from 1945 to 1965) to Greece, as long as these products were from factories located in East Germany.
2. There are claims on co-ownership of buildings (property of the German state) which are located in Greece and were granted to West Germany. The argument is made that a part of this ownership belongs to East Germany.

The basis for calculating our own claims is in accordance with that established by international practice. However, the corresponding units recognized by East Germany are at low levels.

The only countries which are managing to advance the issue of their claims against East Germany are the United States and Switzerland.

The Italians gave Greece the new "Elli" [Greek cruiser torpedoed by Italian submarine on 15 August 1940] against their obligations for war reparations to our country which was devastated in the period 1941 to 1944. Nothing else.

Bulgaria (the only country) was compelled to cover (and did it) the total claims of our country for war reparations.

And yet Greece, which has these claims on other countries, was forced to immediately pay Turkey war reparations totalling 12.5 billion drachmas after the 1922 catastrophe.

Finally, there is a pessimistic picture given by one element: The willingness shown by the defeated countries to fulfill their obligations for war reparations is revealed by the fact that reparations from World War I were given (to Greece also) in 1975.

9247

CSO: 3521/34

PALME CREATES INNER CABINET TO HEAD OFF POLICY PROBLEMS

Stockholm DAGENS NYHETER in Swedish 24 Oct 82 p 6

[Article by Magdalena Ribbing]

[Text] Olof Palme's new government has got an entirely new group within it: the future guerilla force. It is Ingvar Carlsson, the man closest to the prime minister, that leads this unconventional little group whose job is to find the problems before they get too big. As a first assignment it is throwing itself into the employment problem. Economic crime and narcotics are waiting their turn.

Perhaps it looks a little lost, the future guerilla force, where it is located on the finest floor of the improbably elegant Rosenbad that is the home of the government. The future guerilla force is not the word the prime minister's representative Ingvar Carlsson himself uses for his unconventional group for "political planning." He says it is a service agency within the Government Offices--to modify reality.

On the seventh floor of the Rosenbad, Prime Minister Olof Palme sits in the corner with a view of the river, and directly facing Ingvar Carlsson with responsibility for the future. Here it is spacious and light and pretty; in the corridor there are still red-white-blue bouquets left over from Monday when the French prime minister Pierre Mauroy came on an official visit.

Ingvar Carlsson's room has a stylish gray seating group and a red potted plant on the curly birch sofa table. A female flower, Ingvar Carlsson explains, having just discussed with his secretary of state Kjell Larsson which blossoms are female and male respectively.

Informal

How near is the future?

That is an impossible question to answer, says Ingvar Carlsson, but he still answers immediately:

"It can be quite near, so that our proposals can have immediate effects. Or it can be toward the end of the 1990's, as when it is a matter of research."

The future guerilla force that Ingvar Carlsson leads is to work outside the usual channels. The way Olof Palme himself defined it was that he wanted to have a group that goes along a little off to the side. The head of a ministry, however good his ambitions, is always too hard-pressed by the everyday routine to be able to behave informally.

Ingvar Carlsson knows that all too well, he says with a sigh, after his terms as housing minister and education minister.

But he is careful not to tread on the tender toes that are so numerous. The future guerilla force will not run over anybody, he promises.

Outside

What will it do?

"Take up what comes along. Prepare bills. Pass them on to the government and to ministries," Ingvar Carlsson says, summarizing very briefly.

His group will work with questions that fall outside the ministries for "natural reasons," unfamiliarity, lack of contacts, too little time. That is what Ingvar Carlsson means by service group--service in collaboration with the parties concerned.

And how will the group approach the future?

"We talk and discuss, ask ourselves what we feel. Follow the debates in the mass media, follow what is happening in the social sciences. Our job is to try to discern the problems a little sooner, and to find ways to meet those problems."

One of the future guerilla force's first jobs will be to go through the whole investigative system, find out what needs to be changed, whether the directives are up to date. And whenever necessary, reduce the time for investigations.

Kitchen Cabinet?

There are several journalists in the group, and that is important, says Ingvar Carlsson:

"We cannot be experts on everything. We need interviewers and people that ask questions, that observe what happens and describe it."

Ingvar Carlsson hopes for a close cooperation with leading cultural figures:

"In a rather remarkable way there are always persons of culture who know in advance what is going to happen."

The risk that the future guerillas will become a kitchen cabinet group is obvious. Ingvar Carlsson knows it.

"It is my appraisal that we can fail. But everybody in the group is aware of that risk. I have talked with all of them about it; that is the only way that we can avoid failing."

Altering reality is what all political work is aimed at, says Ingvar Carlsson:

"If we do not succeed in that we have no justification."

Idea Conduits

The aim of Ingvar Carlsson's group is to establish preparedness to meet the future. It will be possible to make good decisions earlier, and to meet difficulties before they get too big. Kjell Larsson, secretary of state, former speech-writer for Olof Palme, with an interlude in the ARE company, which is responsible for the Social Democrats' election campaign, explains that the work is already under way. Unemployment, which is not the concern of only one ministry but belongs under several, is the group's first task:

"We shall try to inventory what ideas there are. We have already gotten several from the trade union movement, for example.

"The future guerillas will identify--find out about and describe--various possible developments and possible courses of action," says Kjell Larsson, and regrets that those words are so imprecise and clumsy.

"We have two issues near the top of our list: one is distribution policy, in which the development for the last 6 years has not been what we wanted."

Crime

Things must be straightened out here, says Kjell Larsson, and foresees "certain stresses" in that connection. Economic crime and related areas will also be touched upon. The two commissions that Ingvar Carlsson will appoint will be ready in a short time with their composition and terms of reference--there will be one on economic crime and one on the narcotics problem. Thus from the very beginning they will have taken up what the majority of Swedes see as one of the most important problems in today's society--narcotics.

The second problem on the group's list is literally in its swaddling clothes; it has to do with the population problem. Why are so few children being born? What can be done to change that? As it is now, with the low birth rate, there will be big consequences for society in the years to come--for the day nursery business, for schools, and eventually for pensioners.

"And that is very much a problem of the defects of society, of the problems that families with small children have," says Kjell Larsson.

In a lonely room, still with no flowerpots in it, sits expert Lena Askling, former political reporter for DAGENS EKO.

Shut In

In the bright room the ventilation system hums monotonously. The roomy bookshelves gape empty. What will Lena Askling fill them with?

"I was thinking of putting Gösta Rehn (professor, employment theorist) on one of them," she says.

Lena Askling has quickly thrown herself into the employment problem, gathering ideas, interviewing people on what they think about the job market, compiling her findings.

And in the midst of all this advanced thinking, in the midst of these big problems and profound analyses, the seventh floor of the Rosenbad operates like any other office. At ten in the morning and three in the afternoon there is coffee in the conference room, with extra good buns every Thursday. The responsibility for buying the buns is fairly shared by all concerned.

□□□ Ingvar Carlsson, minister and deputy prime minister, is head of the "future guerilla force." His secretary of state is Kjell Larsson, who has daily and hourly contact with the others in the group: the journalists Lena Askling and Anders Isaksson, Professor Sten Johansson of the Social Research Institute, Björn Andersson, who was personnel chief of the LO [Swedish Federation of Trade Unions] and a solicitor, Agneta Modig Tham, principal assistant secretary in the Ministry of Budget, the information secretary Marita Ulvskog from the LO newspaper. Ingvar Carlsson's assistant is Christina Eklöf, who came with him from the Riksdag.

In addition, the technologist Dr Kerstin Nibläus is also a member of the group. She is also a secretary of state, but for research, which comes under Ingvar Carlsson.

8815

CSO: 3650/26

ISIK BLASTS CONSTITUTION, NEW POLITICAL ORDER

Istanbul MILLIYET in Turkish 11 Oct 82 p 6

[Text] Ankara--Hasan Esat Isik, a former minister of defense and a former secretary general of the banned Republican People's Party, said that the Armenian terrorists are backed by elements other than the Soviet Union. He said: "Words criticizing Turkey on some monuments in the United States must be erased." Speaking about political parties and electoral laws, Isik said that the most suitable electoral system for Turkey would be the narrow electoral district system. Expressing his views about the constitution, Isik said that monarchistic systems must be avoided and added that "another name is given to regimes which are based on the suppression of freedoms."

In brief, Isik said the following about the draft constitution:

"There are two basic elements in constitutions: the individual and the government. These two elements constitute society. Government is a sacred concept. The individual has been [subordinated] to the government [in the draft constitution]. If the goal is to establish a balance by suppressing freedoms, then this regime must have another name. I am sorry to say that, when we look at the draft constitution approved by the Consultative Assembly, we find ourselves confronting a system which is based on authority rather than freedom."

Noting that the drafters of the constitution have said that they have acted with the pain felt in the environment of the pre-12 September period, Isik said: "The function of a constitution is not to settle the scores of yesterday. The function of a constitution is to define the order of tomorrow. Tomorrows cannot be built on constitutions based on reaction."

Development of Country

Stating that he has misgivings about one section of the constitution pertaining to the development of the country, Isik said:

"Rather than developing the country as a whole, the draft constitution envisages the development of a certain segment of the country first and the gradual development of the rest of the country later on. A path of economic and social development based on capital has been chosen. This reminds me of the colonial

policies of the old days. Development policies based on a small segment of the society may be effective for 10, perhaps 20, years. But then they leave a vacuum behind; all the progress made can suddenly disappear."

Employer-Employee Relations

Isik described the clauses of the draft constitution pertaining to employer-employee relations as "unfortunate" and said that social peace cannot be maintained with such clauses.

Political System

Speaking about the political system envisaged by the draft constitution, Isik said that the basic rule of democracies is the ascendancy of collective administration over government by decree. He said:

"In Turkey the National Assembly transcends the Republic. The Republic has not given birth to the Assembly; the Assembly has given birth to the Republic. The Assembly is older than the Republic. A constitution that says that a change in the republican system cannot even be proposed must also include a clause that says that the status of the National Assembly as the highest political organ cannot be discussed. If you notice, the official name of the Turkish army in the period preceding the Republic was 'the Turkish Grand National Assembly Army'. A glorious army has fought under that name with all its strength and faith to bring us to these days. Consequently, the National Assembly is not an institution which can easily be overlooked, which can be superseded by some other office or which can be dissolved at the whim of a single man, even if that man is the president. The National Assembly earned its place at the time of Ataturk. Our army today swears allegiance to the Republic as well as to Ataturk. I do not want to imagine that an institution built up so carefully by Ataturk can be abused at a time when the Turkish armed forces are in power. I find the functions vested [by the draft constitution] in the president as excessive and unnecessary."

Isik said that Turkey made the transition from monarchy to a republic in order to change government by decree to collective government and not because there were hurt feelings toward the Ottomans. He said: "Consequently, I believe that we must refrain from returning to monarchistic governments."

Political Parties and Electoral Laws

Speaking about political parties and electoral laws, Isik stressed that the "most important issue is that the parliament in Turkey be a genuine political organ." He added:

"To make the parliament a political organ, it is not enough to protect it from the president and the government; the parliament must also be protected from the political parties. The electoral law and the law on political parties must be based on this basic principle."

TURKISH BAR ASSOCIATION HIGHLY CRITICAL OF CONSTITUTION

Special Meeting Held

Istanbul CUMHURİYET in Turkish 3 Oct 82 pp 1,11

[Text] Ankara--The Turkish Bar Association general council held a special meeting yesterday to set down its views on the draft constitution. Turkish Bar Association President Atilla Sav, who gave the opening speech at the meeting, said, "The draft constitution symbolizes a very serious return to the past from the standpoint of a social, legal state."

Sav pointed out that reducing the causes for the environment that existed prior to 12 September to a matter of an insufficient number of legal rules will prevent a true diagnosis of the multifaceted and complex disease. He said:

"The draft constitution symbolizes a mentality that we cannot accept from the standpoint of both basic diagnosis of problems and solutions to these and from the standpoint of the proposed system and model for the government.

"It cannot be said that the draft is productive in creating a basic foundation for a nationalistic, secular, and democratic social, legal state. It can be said that the bill symbolizes and achieves a very serious and objectionable return to the past from the standpoint of a social, legal state as well as from the aspect of democratic and secular qualities."

Sav claimed that the draft is not oriented toward a pluralistic, free democracy. He continued:

"In the draft, limitations, restrictions, and even total suspension of rights, which should be disjunctive, are so broad that freedoms become exceptions, and restrictions and limitations are the rule. The restrictions and limits placed on these freedoms and basic rights could also destroy the essence of rights.

"Including in Article 17, which deals with the right to live, the right to die is the most striking example of this mentality, which is basic from this standpoint. Restrictions placed on freedom of the press and freedoms of thought, science, and art are also excessive restrictions and limitations of the type that harm their essence.

"Pluralism is the fundamental characteristic of a contemporary, free democracy. Pluralism also implies freedom. Freedom already exists in places where there is pluralism. Democracy is a system of institutions. It is necessary to ensure the widest participation in the administration of the state. Participation takes place in an atmosphere of the broadest freedom and by means of institutions. Yet, this draft limits and restricts, in an extreme manner, the existence and operation of institutions. These excessive restrictions, which are looked upon as political bans, in reality utterly destroy the freedom to organize. Statutes dealing with unions, associations, pious foundations, cooperatives, and, in particular, professional organizations with characteristics of public organizations make our concerns justified. The article dealing with professional organizations with characteristics of public organizations, which was written as Article 145 in the preliminary text submitted by the Advisory Assembly, neither conforms with the structural qualities of these organizations nor their functions and operations.

"The principle of secularism is also being crushed. Statutes that fail to secure an individual's freedom of religion and belief and that give a name to the religious beliefs of the majority and, in particular, that make religion classes imperative in schools imply a retreat from the principle of secularism."

Sav explained that it is seen that the draft does not consider important the legal profession just as it does not consider important the right to a defense. He stated that trials can only be carried out by three elements -- the prosecutor, the defense, and the judge. He continued:

"We cannot isolate the defense from the defense counsel. Whereas the constitution spoke of the functions of the prosecutor and the judge, the functions of the defense counsel were forgotten. The draft also does the same, forgetting the defense counsel.

"On the subject of basic rights and freedoms, the draft includes freedom to seek rights and the right to a defense, but other basic principles have not been included, making the draft inadequate. Proposals and recommendations that were made so that basic principles of defense and prosecution would be included in the bill, so that the right to a defense would be developed further, and so that everyone would be able to benefit from this right in the broadest manner possible did not yield results. In this respect, the bill lost the opportunity to take a step further than the constitution.

"In addition, the principle of judicial unity has been crushed. Article 148 of the draft makes it possible for persons not in the profession to serve in the administrative and tax courts as well as the children's courts.

"The judicial profession is one of expertise requiring special training and experience. Conducting a trial is an art and a function of judicial expertise.

"The bill drafted by the Advisory Assembly, both implicitly and with its wording and structure, falls below the level attained by the Turkish community and falls behind its political and social accomplishments."

Aksoy's Speech

Following Sav's speech, a council was formed. Ankara Bar Association President Prof Muammer Aksoy was elected council president and Guney Dinc was named vice president. In a speech made following a pause for reflection, council President Aksoy said that it is his duty to point out the deficiencies in the draft constitution, which is anachronistic."

Aksoy did note that the draft contains some contemporary statutes and proposed that the NSC [National Security Council] postpone the referendum and form a new constituent assembly.

Aksoy asked for the creation of a provincial representatives' assembly made up of persons from professional organizations, bar associations, and unions and including the military and judges. He proposed that work be carried out on the draft constitution by the NSC and an assembly that is broadened further to include members of the government. He also urged that political parties be represented on this assembly. He continued:

"Today, only the NSC has the authority to give form to the constitution. Only a text that appears appropriate to it will become Turkey's constitution. Although it is necessary for the people to approve the text before it is accepted, it cannot be said that the people can change it. What will happen if the people do not give their approval has still not been set down by means of legal rules. In other words, because the NSC has not reported what will happen in such a case nor restrained itself, it cannot be felt that there will be a majority of no votes."

Aksoy asserted that, "if the draft is passed, it will become bitterly certain that the Turkish nation will be extremely far from rising to the level of contemporary civilization sought by Ataturk."

Aksoy noted that the bar association has three duties from the standpoint of enlightening the NSC. He said:

"1. We must convince the NSC that the 1961 Constitution should be used as a foundation.

"2. The NSC is carried away with the belief that the draft that emerged from the Advisory Assembly bears serious value.

"3. It is necessary for the bar association's general council to submit its corrective proposals to the NSC and the public in the form of a report."

Aksoy attributed the fact that the draft emerged in the manner it did to the lack of political party representation on the Advisory Assembly. He recommended that a delay of the public referendum be considered and that a second constituent assembly be convened.

Aksoy criticized the statute, which is placed as a temporary article in the draft, that will give State Chairman Kenan Evren the characteristics of president with the approval of the draft through a referendum. He said, "Mr. Evren has no need for such a solution. I do not believe that he can ever approve of such a statute."

Following Aksoy's speech and prior to commission elections, Balikesir delegate Nihat Kosova took the floor and said that, despite all the views expressed to date, nothing has been accomplished. For this reason, he proposed holding a talk with the state chairman. Following debate on this topic, Aksoy reported that, after commission work was completed, a decision on the request to hold a discussion with the state chairman would be made.

Later, four commissions -- a basic principles, basic rights, and freedoms commission; a legislative commission; an executive and administrative commission; and a judicial commission were formed. Reports drafted after commission work is completed will be put into final form in the redaction commission.

The general council meetings, which are being observed by Constitutional Court member Yekta Gungor, Ministry of Justice undersecretary Sabahattin Okutan, and ministry officials, will last 3 days.

Bar Association Report

Istanbul CUMHURİYET in Turkish 5 Oct 82 pp 1,11

[Text] A report dealing with the 1982 draft constitution prepared at the Turkish Bar Association's special general council meeting states, "A state philosophy that considers the individual to be a tool, not its purpose and the state to be the purpose and a constitutional system based on this philosophy, no matter what the administration is labeled and even if it is called a democracy, can only result in a dictatorial system that is either open or closed to the community." The report asks that the draft constitution be rewritten. In the report prepared by the general council, it is noted that the Turkish Bar Association feels it necessary to state that the draft is a harmful document that will have an enormous influence on the Turkish state and the Turkish people.

In the section of the report on basic principles, it is stated that a man would be fortunate to live in a society in which various freedoms and immunities that even the state could not touch were ensured. It says, "The reason for a state's existence is to ensure the fortune of the individual that comes from freedom and security." The report claims that the draft constitution does not embrace, as an inescapable condition, the individual as the purpose and the idea that his freedom is his fortune. It states, "Freedoms have been dealt with, in fact, as unnecessary institutions that can be tolerated to an extent and have been made dependent upon the government alone." It continues:

"The draft restricts in an excessive manner a number of freedoms accepted for hundreds of years by the civilized world, and it even eliminates personal freedoms for the large masses. In this way, by doing away with the independence

and security of judges, which is the final assurance of freedom and untouchability, just as the failure to recognize the rule of "the untouchability of the essence," which ensures that freedoms are not destroyed, clearly divorce the free, legal state from its model, from its foundation.

The report notes that, in a democratic state and a community with an understanding of the world, the statement, "The people administer themselves," is a rule that can be implemented. It defends the view that "it is an inevitable requirement of the existence of true sovereignty of the people for the individual to participate continuously in the administration of the state. If he cannot, it cannot be claimed that the citizen, who is put in a position of merely casting his vote from one election to another, possesses autonomy in the real sense of the word."

The report continues, "The bill has limited the administrative powers of representatives to the extent that the principle proclaimed by Ataturk, "Unrestricted, unconditional sovereignty belongs to the people," is negated. The principle of national sovereignty has been crushed by equipping bodies not elected directly by the people with much greater power."

The Turkish Bar Association report, which claims that the draft deviates from the principle of secularism, says, "In this way, the goal of creating generations of free-thinkers has been abandoned, and the seeds of aspects opposed to Kemalist reforms have been sown."

These views are expressed in the report:

"Above all, the inclusion of strange solutions such as bringing to the head of the state for an arbitrary period of 7 years from the time of selection by the people or representatives of the people a person who is equipped with the broadest powers in the administration of the state is the most clear evidence of how unimportant political parties, an inescapable element of the concept of elections and of democracy, are in this draft."

The section of the report on human rights and freedoms says that the draft does not provide the freedoms of constitutions and notes that it is necessary to be content with the stating and defining of these. It claims that the draft appears to include the basic rights and freedoms defined in the United Nations universal human rights accord, the European human rights agreement, and the Helsinki accord. It went on:

"However, restrictions on these rights and freedoms have been introduced such that the essence of rights and freedoms has been removed. Furthermore, these restrictions and even the power to suspend them have been left to the whims of the political government."

In the final section of the report, it is said that the draft does not place importance on elections in general, runs counter to pluralistic democracy and social and legal values, and has characteristics that will drag the Turkish community backwards and into various crises. It asserts that the draft is not

a proposal that can be modified in its present state, but must be completely rewritten.

Judges Must Be Independent

In the section on judges in the special general council report, it is stated that revisions in the judicial section of the draft constitution do not conform with the principles of independence for judges and judicial security. The report asserts that independence for judges is imperative and continues:

"Judicial authority is recognized courts in the constitution. However, this principle does not prevent the existence of laws that give power to organizations that do not have the characteristics of courts. For this reason, the failure to include a statute stating, 'Judicial authority cannot be given to organizations or places of recourse other than the courts,' is a deficiency. Having the Supreme Judges Council created through elections held throughout the country in which all judges and prosecutors participate must be considered to be a model council. In this way, the objections brought forth during the operations of the Supreme Judges Council will have been eliminated."

The report notes that expert advisers will be able to take positions in the children's courts and says, "It is, however, a matter of judicial expertise. It is a matter of expertise in carrying out judicial duties and handing down decisions. This requires special training and experience." The report states that judges will be able to benefit from the views and aid of expert advisers and stresses that the duty of reaching judgments and of dealing with constitutional functions cannot be transferred or left to others.

The report asserts that there is concern that the reconstruction of the Constitutional Court in the draft constitution will do away with the development and evolution that have taken place to date. It emphasizes that it is necessary not to forget that democracy is a system of institutions. The report states that the strengthening of institutions strengthens the system. It goes on:

"Leaving the selection of all members of the Constitutional Court to the head of executive power neither conforms with judicial independence nor a legal state. Likewise, reducing the scope of the Constitutional Court's work is a policy that cannot be considered appropriate. It is a principle that the legislative body does not enact laws that violate the constitution. If, somehow or other, it does pass such a law, the law does not remain in effect long. The existence of the possibility of legislating rules and laws that violate the constitution violates the principles of a legal state."

In the special general council report, which states that political governments object to the constitutional article that applies judicial supervision to all administrative actions and operations, it is said, "This is related more to the discomfort resulting from the legal restriction of the administration than from objectionable applications. The majority of the administrators do not want to be restricted by law." The report goes on:

"They want to be left outside judicial supervision. For this reason, it is sufficient to say in Article 133 of the draft that the judicial door is open to administrative actions and operations.

"The failure to include every type of statement is directed toward the goal of eliminating the fortuity of constitutional rule. Direct rule does and should open the judicial door to every type of activity and operation of the administration.

"The place of this principle is accepted. However, we are satisfied with saying that we wish to point out that this modification is objectionable and the source of a basic lack of security in the courts. The principle of a state bound to law is one of the fundamental characteristics of our constitution. Restricting the duties and scope of authority of the administrative court must be considered a position that will weaken the legal state."

The Turkish Bar Association yesterday asked for an appointment with State Chairman Gen Kenan Evren so that it can submit its report to him. Later, the report will be given to the National Security Council secretariat general.

11673

CSO: 3554/16

PROVISIONAL ARTICLES TO CONSTITUTION ASSAILED

Toker Blasts Constitutional Articles

Istanbul MILLIYET in Turkish 20 Sep 82 p 8

[Commentary by Metin Toker]

[Text] It was a certainty that this Consultative Assembly would become part of the history of the Turkish Republic. What wasn't known was whether or not it would also be noted in the world's literature on constitutions. The Consultative Assembly has succeeded in this difficult task. It may well be the first assembly in history that, having prepared a draft constitution, appends to it provisional articles that violate that same constitution, and this record of theirs will not be easily or quickly surpassed.

For while article 6 of the draft constitution states that "no special privileges shall be granted to any individual, family, group, or class," provisional article 12 grants lifelong legal immunity as regards their persons to the present members of the NSC [National Security Council], even after their duties in the Presidential Council have come to an end.

In the first case, how can legal immunity be granted to anyone who is not a member of parliament? This is a new invention that defies all understanding. Article 95 of the draft constitution stresses the fundamental quality of this concept in the following words: "Members of the Turkish Grand National Assembly cannot be held liable for their votes and utterances that are part of the work of the assembly, for opinions expressed within the assembly, or for repeating or disclosing the above outside of the assembly." The Presidential Council proposed in provisional article 2 is to consist of four mortal men, and it will have no such function that would call for immunity for its members. In fact, the provision barring the filling of vacancies in the membership of the NSC occurring for any reason after the constitution has been approved shows that what was sought was not so much a function for that body, but rather a formula for four individuals, drafted in a highly officious manner designed to irritate and annoy them. Even if such a function does exist, this means that when those four individuals have retired the rationale for that function will also have come to an end.

Once one goes beyond this the Supreme Constitutional Court will reject the granting of lifelong legal immunity to four individuals who have completed their duties, and have become "ordinary citizens." Long before it comes to that, however, such a rejection will no doubt come from the NSC itself.

Haven't They Even Done Service as Reserve Officers?

The Consultative Assembly's new invention in the matter of selecting the president of the republic is even more incongruous, and provisional article 2, which regulates this matter, is in complete contradiction with articles 84 and 110 of the draft constitution.

The facts are as follows. Article 110 states that the president of the republic shall be elected from among "those Turkish citizens qualified to be elected as members of parliament." Article 84 shows us who is meant by those qualifications. The last paragraph of that article states that military officers cannot stand as candidates or be elected unless they first resign their commissions. Nevertheless, provisional article 2 gives the right to be elected president of the republic to a chairman of the general staff who is still in uniform, and going even further, it gives him the right to continue wearing the uniform of a chairman of the general staff while bearing the title of president of the republic.

Just as this is unheard of in the history of the republic, it is also completely foreign to the nature and traditions of the republican army. When one reads the provision stating that, "he may turn over the powers and responsibilities of chairman of the general staff, in their entirety or to whatever degree he deems necessary, to a general or admiral of suitable seniority and rank," one is led to wonder whether or not those who wrote this ever performed military service even as reserve officers. This is because even that small amount of military knowledge would be sufficient to know that in the Turkish army the chairmanship of the general staff is not an office that can be transferred at will from one person to another, and that the determination of the chairman of the general staff is tied to "fixed conditions." This characteristic of the Turkish army, which has been its own ever since Ataturk's time, as well as the principle of the military's distancing itself from non-military affairs, has served to set the Turkish army apart from all other armies. This has brought it its prestige, confidence, often pride and admiration, in times since we adopted a democratic form of government, whenever democracy was faltering. The provisions of the draft constitution prepared by the Consultative Assembly, which permit the election of a president outside of parliament, have left ajar some dangerous doors, while provisional article 2, it seems likely, shows the dangerous tendency of such doors to open wider still. We can see that, to turn Clemenceau's famous saying upside down, military affairs are much too serious to be left just to civilians--especially to this Consultative Assembly.

The provisional articles of the draft constitution are also not all that provisional in nature. This is because they create precedents, examples, and a practice. They give rise to inclinations. One cannot evaluate the future just with today's circumstances in mind. There is the Turkish army's responsibility to preserve its model. If you do damage to that model, for reasons that are in fact not at all compelling but appear that way to you narrow range of comprehension, then you are committing an evil deed.

The NSC began an operation on 12 September 1980 in which it acted in the name of the Turkish armed forces. Having successfully concluded that operation, it will take its place in our democratic life as part of the military hierarchy in the NSC. From there it will carry out its duty "to preserve and protect." What is needed is to make that body functional and effective. It was the inability of that body to carry out its functions that prompted the Turkish armed forces on 12 September 1980 to seek another way.

The need for a "second assembly" within the parliament, both at that time and whenever the necessity should arise, was for a body that would seek out candidates for the presidency and the prime ministership who could achieve a consensus. This body could have ex officio members, appointed members, and elected members, and it would be a genuine "second house."

But this is not the Presidential Council of the provisional article.

It is the hope of the sound forces of this nation that the NSC will apply the needed careful scrutiny to the text that will emerge from the Consultative Assembly, which showed itself capable of writing in provisional articles that violate its own constitution without paying heed to some very dangerous possibilities.

Articles Attacked by Legal, Labor Figures

Istanbul CUMHURIYET in Turkish 20 Sep 82 pp 1,11

[Text] Ankara, 20 September--CUMHURIYET Bureau--The Chairman of the Turkish Bar Associations' Union Atilla Sav and Yekta Gungor Ozden, a member of the Supreme Constitutional Court, have criticized the provisional articles of the draft constitution passed by the Consultative Assembly. Sav stated that, "the articles are attempting to set up a hybrid law for the transitional period, a law that lacks coherence and fragments the system." Ozden said: "The fact that it considers the president of the republic to have been chosen when the constitution is approved is a grave imposition." Sevkettin Yilmaz, president of the Turk-Is labor federation, made it clear that he did not consider the draft proposed to be a text that was ready for submission to a popular vote.

Turkish Bar Associations' Union Chairman Atilla Sav said that the provisional articles have brought in the principle of nonaccountability, which is at variance with the basic principles of a state based on the rule of law. He then continued, saying: "While the goal should have been to make sure that we have a democracy that is functional in all of its rules and organizations, once again a transitional period is being created that will delay and prolong this process." Sav went on as follows in his critique of the proposed constitution and the provisional articles:

"The only sound procedure in a democracy is that of an 'election.' As we are about to embark on our democratic path with a broad-based election, it is in my view objectionable to have an election mixed up with nonelective appointments.

"Provisional article 2 grants the title of first president of the republic to the person serving as head of state at the time that the constitution is voted on and passed by a plebiscite. This head of state will then exercise the powers of the presidency for a period of seven years. Those who prepared the proposed draft constitution did not use the word 'election.' This means that for seven years the president of the republic won't be an 'elected' president, but one 'who will make use of this title.' We ought to think about the fact that such an arrangement, which violates the principle of popular sovereignty, will also make the head of state who is handed such an authority feel uneasy.

"According to provisions of the same article, the first president will simultaneously also retain the title of chief of the general staff. In a normal constitutional system it is very difficult to unite in one person these two important responsibilities, which are in essence incompatible. According to article 133 of the draft constitution, the chief of the general staff is answerable to the prime minister. As for the president of the republic, in view of his special position he has been kept apart from accountability. Yet in this case the same individual who appointed the prime minister will also be answerable to that prime minister because of the other title he bears."

Sav continued his critique with these remarks:

"The provisional articles also establish a body called the Presidential Council. If there is indeed a need for such a body, it should not be established by temporary provisions, since this council has been conceived of as a body that will share, even if only in part, the powers of the legislative assembly.

"Provisional article 10 gives the first president the power to veto amendments to the constitution. This extraordinary power is basically also in conflict with the provisions of article 109 of the draft constitution, since in normal times the president of the republic has the power to veto legislation, but he lacks the power to turn back constitutional amendments or budget resolutions. This means that the proposal gives the president a guarantee of no changes for seven years. This is a provision that is difficult to reconcile with the principle of popular sovereignty.

"Under provisional article 11 all those serving as officials during the transitional period as well as all decisions and measures taken by the Consultative Assembly are exempted from 'legal scrutiny.' This accepts the principle of nonaccountability, and this acceptance cannot be reconciled with the principle of popular sovereignty.

"We do not doubt that this extraordinary period has a legal order that is peculiarly its own. But it seems dangerous to enshrine a principle of legal nonaccountability for this period among the provisions of the constitution. It would be for the good if we would forgo such an arrangement, which could open up opportunities in the future for all those who hope to benefit from the fact that all of the laws, measures, and procedures of this period would remain legally clouded. The fact that, according to the provisional article, laws enacted in this period, as well as legislative decrees and measures and procedures taken in accordance with law 2324, are immune from constitutional challenges is impossible to reconcile with the principles of a state based on the rule of law and the supremacy of law. What is

"at stake is the 'supremacy of the constitution.' The right thing to do is not to establish legal provisions that violate the constitution. If any such provisions have been established, then they ought not to remain in effect over a long period. To knowingly take part in creating legal provisions that violate the constitution, and going even further, to insert legal props for these into the constitution, is to do violence to the nature of our republic as a state based on the rule of law. It will also open the door for those who wish to make the rule of law a subject for debate."

Ozden: A Grave Imposition

Criticizing the constitutional proposal of 1982 and its provisional articles, Yekta Gungor Ozden, a member of the Spureme Constitutional Court, stated: "The fact that it deems the president of the republic to have been elected simultaneously with the passing of the constitution is a grave imposition."

Supreme Constitutional Court Justice Yekta Gungor Ozden made it clear that with the proposed draft constitution thinking people would be living dark days: "The period until the coming of democracy has been extended once again. The commission states that whatever the constitution brings will be democratic and suitable, but this has nothing to do with legal science or legality." Gungor stated his views concerning the provisional articles of the draft constitution in the following remarks:

The Problem of the System

"It has been disclosed that twelve provisional articles have been accepted, that they are in conformity with the draft constitution passed by the Consultative Assembly and with the understanding of those who voted for it, and that they thus complete the process. However I don't suppose that the NSC and in particular his excellency the head of state will accept all of the above, either the provisional articles that carry within them illegal features or certain provisions of the constitution. Mistakes in diagnosing what was wrong in the period prior to 12 September have led to a mistaken procedure, and this will injure our unity of purpose and lead to the wrong conclusion. The subject at hand and the problem lies not with individuals but with the system itself. To have the choice of president approved along with the constitution is a grave imposition, and it is an arrangement that will leave the person selected in a difficult position since his previous post is also a given. It is not right that the NSC chairman should continue in that post even for a short time after being elected president of the republic. The period until the coming of democracy has once again been extended. The commission states that whatever the constitution brings will be democratic and suitable, but this has nothing to do with legal science and legality. It is wrong to interpret the special conditions peculiar to the transitional period as implying unconditionality. Suitability is a relative term, so I won't go into that. From a juridical standpoint there are contradictions, mistakes, and shortcomings here. Constitutions bring positive principles, not negativities, probabilities, and inclarities. Formations and organizations that come into being with a constitution cannot be left to legislation unless the constitution provides clear guidelines. Legislation can only show procedures and distinctions along the lines laid down in the constitution.

Imposing Punishment

"For instance, there is the absence of any transitional procedures which would be essential for the Supreme Constitutional Court and the Supreme Judicial Court. What sort of cases will be brought before the Supreme Judicial Court? How will the membership of the Supreme Constitutional Court be lowered to fifteen? What is to happen to the current members? The provision that with the enactment of the new constitution everything connected with the former constitution will go out of existence is contrary both to law and to the renewed guarantee stated in article 172 of the draft constitution. Will there be dismissals from office, will names be drawn from a hat, or will five members serve as alternates, or will they return to their former posts? It is not clear. I cannot believe it of the state that it will act vindictively to impose punishment, but bodies such as these should not have been left neglected. The most important violation is the provision stating that after the constitution is approved the Consultative Assembly may enact laws, about which we presently know nothing, which are to be immune from constitutional challenges. A constitution may make enactments of a preceding period legitimate, but it cannot in advance legitimize unspecified enactments of a later period.

On 12 September we were saved from the blood and fire of the fanatics. Now we will live through a darkness created by some few so-called enlightened people. In our country we have no king, but many royalists. My hope rests with the NSC; let us see the draft that it approves. Then we will have the opportunity to issue a more proper, more detailed, and more straightforward analysis."

Yilmaz: This Isn't a Draft Suitable for a Plebiscite

Sevket Yilmaz, chairman of the Turk-Is labor federation, answered our question regarding the passage of the provisional articles of the draft constitution and the end of the first round of discussions in the following way: "I am of the opinion that the proposed text passed by the Consultative Assembly is not yet the final text that will be submitted to the people in a plebiscite."

Sevket Yilmaz, who stated that the articles adopted by the Consultative Assembly had not yet assumed their final form, reminded us that the proposal had yet to be taken up by the NSC.

In the matter of the provisional articles, and on the issue of adding a provision to exempt minimum wages from the income tax by a decision of the council of ministers, Yilmaz stated his views, adding, "I have said this once before. As of now, we must hold our peace. A definite decision has not yet been taken. But the fact that the exemption of minimum wages from taxation has been left to a decision of the council of ministers can be understood as a defeat."

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MUMCU SEES CRITICISM, REJECTION OF CONSTITUTION AS NOT SUBVERSIVE

Istanbul CUMHURIYET in Turkish 3 Oct 82 pp 1,11

["Observation" column by Ugur Mumcu: "With Sincerity"]

[Text] The 1961 Constitution was submitted to a referendum on 9 July 1961. That constitution was approved by 6,348,191 "yes" votes against 3,934,370 "no" votes. Of the valid votes, 61.7 percent were for the constitution and 38.3 percent were against it.

The voter turnout picture was also interesting. The turnout rate in rural areas was 83.3 percent while in urban areas that figure remained at only 79.9 percent. Out of a total of 12,747,901 eligible voters, 2,455,265 did not vote during that referendum.

The Justice Party, which waged a campaign of "no to the Constitution" immediately after the Constitution went into effect, won 3,527,435 votes out of the 10,138,035 valid votes cast during the 1961 general elections. The New Turkey Party, which campaigned on a similar political platform, won 1,415,034 votes.

During the 1965 general elections, voter support for the Justice Party rose from 3,527,435 in 1961 to 4,921,235. By contrast, the Republican People's Party could win only 2,675,785 votes in 1965, 1,048,967 less than what it had won in 1961.

The reason we are giving these figures and the reason we are calling on you not to think in terms of these figures is as follows: Those who said "no" to the 1961 Constitution were not individuals who "collaborated with outside forces." These individuals, as a result of their ties to the pre-1960 administration, were expressing their view that they did not think that the 1961 Constitution would be beneficial for our country. Whether they were right or wrong is an issue of extensive debate. But, clearly, these 3,934,348 citizens who cast "no" votes were not betraying their country or collaborating with hirelings.

In those days, there were people in Turkey who considered opposition to the 27 May revolution as "treason against the country." This belief was reinforced by individuals who said that the 1961 Constitution was endorsed and supported by the Turkish armed forces. But what happened at the end? The party of those who said "no to the Constitution" formed a coalition government with the party of those who said "yes to the Constitution" and then formed a government on its own.

This happened under the presidency of the late Gen Cemal Gursel who headed the revolutionary administration and who prepared the 1961 Constitution and submitted it to a referendum. With his well-known gregarious manner, Cemal Gursel knew how to get along with the Justice Party that opposed the Constitution.

That was the correct course to take. Because democracy is a system that offers many options. Constitutional referendums are decided by "yes" and "no" votes, but general elections may bring forth unexpected political options. Our recent history is full of such examples. Consequently, calling those with opposing views "traitors" or "hirelings" will not do good to anybody. Furthermore, those who are being accused of "collaborating with outside forces" today can form a party tomorrow and win enough votes to come to power. Did this not happen in 1961? Did we not live through all this?

Words uttered today may not be forgotten for years. Those words may be the source of difficulties and crises of the political developments of the future.

The Honorable Head of State, Kenan Evren, should forgive us. We would like to be sincere. Consequently, we would like to weigh our views in our consciousness of patriotism, strain them through the legal sieve and express them openly.

Who can dispute the fact that the 12 September operation rescued our country from the verge of a civil war? We justify the 12 September operation not once but a thousand times. But these convictions do not prevent us from criticizing the "Aldikacti constitution" submitted to the Consultative Assembly. The text of this draft constitution, prepared by a commission headed by Professor Aldikacti, the Deputy Chairman of the Executive Council of TERCUMAN, runs counter not only to modern democratic principles, but also to the rules of Turkish grammar and even Aldikacti's own books. We cannot disregard all these facts.

Criticizing these events is the duty of the Turkish intellectual. We are neither traitors nor hirelings! Nor are we aliens in this country. We are genuine sons of Turkey. We would like to express our views and anxieties as citizens "with free minds, free spirits and free consciences." We consider this a right derived from being citizens with honor and a duty imposed by being Atatürkist intellectuals.

Especially in these times, we would like to see an appreciation of openness and sincere criticism instead of the customary praises. But writing is all we can do. We try to do that with an open heart and with sincerity.

If praises and applause silence the most justified criticism, then, well, what can we do?

That is the fate of this country.

9588

CSO: 3554/24

EREL URGES ASSUPANCES OF FAIR REFERENDUM

Istanbul MILLIYET in Turkish 7 Oct 82 p 8

["Telex" column by Teoman Erel: "Confidence in Elections"]

[Text] Do you remember what Prime Minister [Bulend] Ulusu said? He said:

"Tell them to do something, and they will overdo it."

These words, uttered in connection with the first constitutional draft submitted by the Aldikacti commission to the Consultative Assembly, were widely reported in the press.

Ulusu was right. With the pretext of providing a service to the 12 September administration, Aldikacti and his colleagues prepared an unbalanced and unreasonable draft which was disapproved by every segment of the society except the employers. Even some employers were critical of this warped draft.

With this fresh experience in mind, we would like to draw attention to the coming constitutional referendum.

The referendum in November will be held largely under the supervision of government officials. Unlike the previous system, political party representatives will not serve on ballot count commissions. In other words, in this referendum, the system of rival political forces checking on each other and the public will not be implemented.

This means that the government will have added functions and responsibilities.

We are worried for the following reason: Is it not likely that there will be some overzealous referendum officials in a country where constitutional experts "overdo their duty" on the pretext of helping the administration?

Would not these officials perpetrate misdeeds that may cause us headaches for years simply for interpreting beyond its purpose a statement made by the Head of State in Burdur, before the draft constitution took its final shape, to censure an unnecessary charity campaign begun with the holiday season?

It is not sufficient to place the referendum under the supervision of the judicial branch.

The National Security Council and the government must caution without delay all officials who will take part in referendum security and ballot counting arrangements. Furthermore, an effective mechanism must be designed to provide continuous oversight and to prevent possible improprieties.

We use the term "possible improprieties" not with the concrete knowledge of a conspiracy, but on the basis of speculation, anxiety and previous experiences.

In that respect it is useful to mention a few possibilities:

1. The new law about submitting the draft constitution to a referendum states that some of the limitations stipulated by Law No 298 on electoral rules will be disregarded in this instance. This raises the possibility of validating ballots which identify the voter by some mark. In certain small localities, overzealous government officials may be able to apply unnecessary pressure by telling voters who they suspect will cast negative ballots: "I want to see your signed 'yes' vote or else." Consequently, it would be useful to change the new law such that ballots with identification marks will be invalidated.
2. There is a heated discussion among the public about the degree of transparency of the envelopes in which the ballot cards will be placed. It is imperative that the envelopes be thick enough to conceal the color of the ballot card. We are certain that this principle will be adhered to; we are bringing up the issue to insure scrupulousness.
3. During the referendum on the 1961 Constitution, it was observed that there were no red "no" ballot cards--this time, "no" cards are blue--in some of the voting booths. Or, in some cases, a single "no" card was placed next to a pile of "yes" cards. That situation caused the voter to fear that the color of his vote would be known.

Experienced individuals can add other possibilities to the list above.

It is beneficial to think and remind officials about these possibilities so that they can be prevented before they cause any damage.

We believe that the Honorable Kenan Evren will prefer to have an unblemished election which will form the legal basis of his presidency for the next 7 to 8 years. In fact, it would be more proper to have this election separate from the referendum on the constitution; it could even be postponed until the formation of the National Assembly. For a positive correction on this issue, the final form to be given to the draft by the National Security Council must be awaited.

The possibility which must not be awaited and which must not be allowed to happen is the "shady elections" that occurred 35 to 36 years ago.

Everything can be said about the elections held since 1950, but no one can claim that the ballot boxes were not properly secured or that there was any mischief that can cause deep wounds in the public conscience.

We do not believe that the 12 September administration, which has promised a peaceful and stable democracy, will knowingly permit an environment which may allow the misdeeds of 35 years ago.

We would like to be sure that there be no negligence so that we will not suffer from deep wounds for years to come.

9588

CSO: 3554/19

MILITARY MANEUVERS, DEFENSE STRATEGY VIEWED

Zurich NEUE ZUERCHER ZEITUNG in German 30 Oct 82 p 5

[Article by "E.A.K.": "Austrian Home Defense Buildup"]

[Text] Since the mid-seventies, there has been a steady buildup of Austrian home defense. The reorganization decided upon at that time—which is closely tied to the concept of area defense—is beginning to take shape. In 1978, for example, the mobilization strength of the Austrian army stood at 133,000 men. By 1986, it will be 186,000 and by the nineties it will have risen to 300,000 men. Meanwhile, the buildup of materiel, the procurement of weapons, ammunition and equipment as well as the reinforcement of the terrain has kept pace with the personnel buildup. The positive attitude of the population in connection with previous exercises has given a strong impetus to the "comprehensive home defense" concept and has prompted a public relations campaign which is being carried on with a great deal of emphasis and imagination. There are some problems as the professional army is transformed into a militia with a small core of professional soldiers, particularly among the cadres. The limited funds available also make it necessary to concentrate on essentials—but not always at the expense of efficiency. In 1977, maneuvers were held in Upper Austria; in 1978 in the East Tyrol and in 1979 in Lower Austria. This time, it was Tyrol's turn which also is of strategic importance. Primary attention was paid to training above; all to the training of commanders and units. The overall framework was provided by the area defense plan which underwent large-scale tests in 1979 and has been binding since.

Concept and Army Organization

As a rule, the Austrian home defense concept is viewed as being too unimaginative and rigid; but upon closer examination it turns out to possess a good deal of flexibility against potential threats to security. Army organization and operational combat tactics are inextricably linked.

Looking primarily at the operational aspects, the Austrian army comprises four elements:

1. The readiness unit composed of professionals which is available at all times. Its nucleus consists of three armored infantry brigades and three self-contained infantry battalions plus army and corps units.

2. Eight mobile infantry brigades composed in the main of militia conscripts (the so-called mobile Landwehr) with a vehicle complement which permits them to operate throughout the country.

3. An indeterminate number of Landwehr battalions that can be drawn from 33 Landwehr regiments and "are organized similar to the infantry battalions belonging to the infantry brigades but minus the vehicles and can operate in additional areas aside from their originally intended mission" according to official documents.

4. The "area-bound Landwehr" composed primarily of blocking troops, guard companies and light Landwehr battalions to be employed in combat in area security zones.

This listing shows that the mobile forces at present take up about half of the forces available for mobile deployment in an emergency and those which are area-bound.

This flexible army organization is adapted to four operational combat tactics which might be called for under three basic scenarios: security operation; limited defense (as for example combat involving just /one/ neighboring country; actual area defense in case of a threat to the entire country or at least large parts of it. Area defense would either be conducted as combat in key zones or in area security zones. To facilitate the necessary preparations, the country has already been divided into zones.

The security operation tactics grew out of experiences connected with the 1956 events in Hungary and the 1968 events in Czechoslovakia. They serve to protect the territory along the borders as well as areas and installations in depth against subversives and airborne invasion forces. Depending on the circumstances, units of the readiness force alone would be deployed or area-bound units of the Landwehr (such as light Landwehr battalions specifically trained in pursuit operations) or mobile infantry brigades, if need be. This not only guarantees presence without delay but also the kind of flexibility deemed desirable.

Limited area defense would be "conducted by concentrating the bulk of the mobile infantry and armored infantry brigades in the threatened area." Locally available area-bound forces would be included in the operations "based on their basic mission." This type of combat would thus be adapted to specific circumstances and not be conducted singlemindedly according to the precepts of area defense.

Area Defense in the Real Sense

If it became apparent that an aggressor intended to march through Austria or to occupy sections of Austrian territory, area defense as such would become operational. As is well known, there are three movement axes at least that lead through Austria—from Hungary to northern Italy; from

Hungary and Slovakia through the valley of the Danube to southern Germany, and from Bavaria across the Brenner Pass to Lombardy. Wherever these axes join up with secondary communication lines and wherever some advantage may be gained from the terrain, so-called key zones have been established. At these, indigenous forces are to "provide maximum obstruction to enemy movement and maximum attrition of enemy forces." Combat will consist of defense operations carried out from the key zones and blocking positions with counterattacks being mounted primarily by mechanized units with the object of slowing down and destroying enemy forces that may have broken through. If necessary, harassment units could be employed in combat taking place in between the key zones.

A key zone may be subdivided into several complementary key areas or into areas engaged in independent combat. Operations themselves may be supported by "fixed installations" and barriers. In the Tyrol area, the blocking units can already count on some 100 "fixed installations." Centurion turrets with 10.5 cm cannon built into bunkers play an important part in anti-tank defense. A military journal says that 500 such turrets are to be procured and emplaced in time. Conversion to arrow ammunition is proceeding apace as is the construction of permanent tank obstacles and the preparation of demolition charges.

Little information is available on operational plans for the area security zones. This is understandable since the light Landwehr battalions are to be used in something like guerilla warfare and one is unwilling to disclose too many details too soon. In the immediate border areas, these units will also be responsible for frontier security. But a point is also made of the "defense of independent key areas and blocking positions" which would indicate that there are plans to take advantage of particularly favorable blocking opportunities once enough men and materiel are available.

The Tyrol Maneuvers

"Area defense exercise 82" was a kind of field exercise (in Swiss parlance). The exercise which was held in the northeastern Tyrol had been carefully prepared by commanders, staffs and militia officers with the exercise setting as well as the missions being known to both sides in advance. This was not a case of reviewing the operational task but of a "training exercise" designed to permit all units to undergo appropriate combat training. The entire exercise lasted from 15 to 21 October and included mobilization of the militia units, an initial live ammunition drill, a coordinated "comprehensive home defense" exercise in the district and finally, starting on 19 October, the military defense exercise. Of the Tyrol key zone (which includes the Inn valley from Innsbruck to Kufstein) the key area of Kufstein had been selected. This is where the Inn cuts through the northern Alps, where the Brenner Autobahn feeds into the Tyrol and several other important communication arteries converge. At Kufstein, the Inn valley narrows appreciably—on one side there is a hill with a fortress on it and on the other a rocky ridge. The valley then runs at a width of about one kilometer down to Woergl, flanked on both sides at first by steep cliffs which later are replaced by raised terraces. There are three roads leading into the valley from the east and one passable logging road in the northwest.

The task of defending against the orange enemy attacking from the north and east was assigned to a motorized infantry brigade supported by the area-bound blocking and harassment units and reinforced by two motorized infantry battalions, an armored infantry battalion and a tank destroyer battalion as well as an engineer battalion from the readiness unit. The rudiments of defense consisted of three hastily erected tank obstacles flanked by fixed emplacements on the slopes. Two motorized infantry battalions up front on both sides of the Inn—the latter along the road from Soell to Kufstein—and a third battalion in the southeast at the entrance to Woergl formed the first echelon. They had support from a howitzer battalion. A tank destroyer battalion on the left bank comprised the first reserve unit and a reinforced motorized infantry battalion 21 the second.

Orange first attacked with the motorized infantry battalions on the slopes in an effort to outflank the emplacements and open the way for the mechanized units through the valley. It was a time-consuming maneuver which was severely delayed by artillery fire on the slopes. When the attack was redirected across the ridges some local gains were made but the defense lines could not be breached. An airborne landing operation with three waves of 16 transport helicopters each did not succeed either due to a counterattack by the second reserve unit. The harassment operations by the area security forces did not fully succeed either, since the attacker was unable to bring up additional units or build up supply networks for lack of time and personnel.

As in all maneuvers, massive air and artillery bombardment by an attacker could only be demonstrated symbolically and on rare occasions. The armored vehicles' use was restricted due to the necessity to keep farmland damage to a minimum and helicopter gunships were not used at all. It was also difficult to judge just how effective the tank obstacles were or how many tanks were hit by the cannons in the fixed emplacements. There still appear to be some problems related to the defense of these emplacements against enemy forces in terrain accessible to infantry units. The Inn valley Autobahn did not figure in the exercise but it was said that plans have been drawn to close it, if need be. One striking observation to be made was how well dug in and how well camouflaged the men were.

No Hasty Conclusions

The Austrian army is still in its buildup phase. The militia component (of about 14,000 men) already made up 70 percent of all troops taking part in the Tyrol maneuvers. The weapons of the infantry units are relatively modern and functional—above all those of the light infantry which does not have to carry any excess weight. There seems to be more of a problem procuring heavy equipment. The most noticeable gap exists in the air force and the anti-aircraft units: there are no modern fighter planes or long-range missiles. Mechanized equipment is available almost exclusively to the readiness units: some 170 M-60 A3 battle tanks and about the same number of "Kuerassier" tank destroyers with 10.5 cm cannons. The fixed emplacements are built according to standard specifications by the engineers for the most part. It is worth noting that an appreciable number of transport helicopters has been available for some years which, in fact, are put to effective use in mountainous terrain.

Maneuvers such as these should not prompt one to draw far-reaching conclusions. Without a doubt, there is a substantial blocking potential available there. But an attacker who really wanted to crack the Brenner axis open would commit the necessary forces and would not shirk an all-out battle of materiel. But he would lose valuable time—and if he did, the key zone of the eastern Tyrol would have fulfilled one of its operational goals.

9478

CSO: 3620/65

MILITARY

DENMARK

BRIEFS

SUBMARINE ORDER SEEN IN 1983--The SMK /the Navy's Material Command/ is expected to submit a recommendation on new submarines in March 1983. According to the trade journal STAMPERSONEL, the program for the procurement of new submarines costing billions of kroner is now in its final stages. It is expected that a decision will be reached in early 1983 as to whether it will be the Swedish or the West German bidder who will carry off the prize. /Text/ /Copenhagen BERLINGSKE TIDENDE in Danish 23 Oct 82 p 2/
9266

CSO: 3613/15

PROJECTED 1983 DEFENSE EXPENDITURES LISTED

Bonn WEHRDIENST in German 4 Oct 82 pp 2-4

[Article: "Ministry of Defense [BMVg] Provides Industry With First Indications for the 1983 Contract Year"]

[Text] Even a CDU/CSU government will not take a red pencil to the draft of the next year's defense budget (Individual Plan/EPL 14). Griephan provides information here in excerpts from the BMVg explanatory brochure "The 1983 Defense Budget (Draft)--Explanations and Comparisons." The complete document can be ordered from the WEHRDIENST-ABO [marketing and purchasing organization]-Service.

--Material Maintenance and Operation: Expenditures will increase from DM4.158 billion (1982 estimated requirements) by 7.2 percent or DM299 million to DM4.457 billion (1983 estimated requirements). In regard to these figures BMVg budget makers say: "The following factors come together with the general price development, resulting in higher costs:

Supply of modern highly technical equipment of the new weapons generation which requires a maintenance outlay that is technically extremely excellent.

At the same time longer service use of older profile and support equipment because the concentration within military procurement in the past few years has permitted only protracted replacement of this material. This is primarily true of wheel-type vehicles, ordnance and telecommunications material.

Full operation of the Geilenkirchen main operations base of the NATO AWACS [airborne warning and control system] early warning system. In 1983 10 airplanes will be stationed in Geilenkirchen. All technical facilities for flight operation and service must be fully usable. The German contribution to the operational costs will, therefore, rise from about DM92.9 million in 1982 to about DM126 million in 1983.

Beyond that, with the higher amount budgeted, a backlog of replacement parts is to be reduced which developed primarily because of the control measures of 1980 (equalization of undeniable additional requirements elsewhere in Epl. 14) and of 1981 (share of Epl. 14 in a global reduced expenditure by the government, equalization of increased requirements) and which in 1982 still cannot be resolved.

For 1983, too, the highest amounts budgeted are scheduled for maintenance of vehicles (wheel-type/track-type) with DM1,520 million and maintenance of aircraft with DM1,395 million. In many cases, for example in the case of vehicles, the need-based amounts budgeted simultaneously contribute to full utilization of capacity of civilian repair companies. Thus, the jobs in the civilian sector required for the Bundeswehr's orders can also continue to be guaranteed."

--Research, Development, Testing (RDT): Expenditures will increase from DM1.600 billion (1982 estimated requirements) by 9.9 percent or DM164 million to DM1.824 billion (1983 estimated requirements). BVMg notes in connection with these figures: "The increased amount budgeted in 1983 permits improvements in the most important RDT sectors, since in 1982 the entire increase went for the increased requirements of the Tornado MRCA [multipurpose combat aircraft]. Of course, the general price reassessment and the higher value-added tax for engineering services must be paid from these allocations. The decline in the years since 1980 will again be made up for with the clear increase in the amount budgeted."

Basically the increase is distributed among:

Military-technical development and testing (DM1,030 million, +DM130 million). This will prepare future equipping of the Bundeswehr with weapons and equipment. The projects already begun will be continued. The time extensions which had become necessary between 1980 and 1982 can in part be made up. In the case of the new weapons generation, development is coming to an end with S-boat 143 A and with modernization of Breguet Atlantic. Individual new projects can be started (Flarak system MFS-90, increasing Sea King combat effectiveness, integrating the AMRAAM air-to-air missile into the F-74, LRSOM air-to-ground missiles for MRCA).

Development and testing of guidance systems (DM80 million, +DM10 million). The delays in 1980 and 1982 can in part be balanced out. With the new guidance systems the guidance equipment is to be adapted to requirements by using EDP (real-time information, short reaction time) and performance capability of the modern weapons systems is to be exploited).

Development testing of the MRCA (DM450 million, +DM13 million)."

--Military Procurement: Expenditures will rise from DM11.308 billion (1982 estimate requirements) by 6.1 percent or DM696 million to DM12.004 billion. The rate of increase is roughly the same as that of the previous year (+6 percent). Because generation change continues, larger new projects cannot be started. For the first time the 1983 budget carries outlays for the acquisition of personal equipment for soldiers who are utilized within the framework of Wartime Host National Support which was agreed upon with the United States. BVMg says: "The increase in amounts budgeted is distributed in the following areas:

MRCA (DM3,700 million, +DM590 million). Program progress and price reassessment require an additional increase in the amount budgeted as compared with

last year. Production of the Tornado MRCA in 1983 will also be running at peak level. By the end of 1983 73 aircraft will be delivered to the Bundeswehr. In 1983 42 aircraft will be completed.

Ammunition (DM1,800 million, +DM200 million). The amount budgeted will serve to replenish defense reserves and procurement of training equipment. In particular, the reserves for the new weapons systems are to be improved. The ammunition, which is destined for this, for example the guided missiles, is technically highly developed and requires correspondingly high costs.

AWACS (DM613 million, +DM167 million). The annual German contribution is determined by the payment plan which was agreed upon between all participating NATO partners. At first the German payments were less than the agreed-upon contribution of 30.7 percent annually. With continued progress in the program this must be balanced out. Our share in the annual costs will therefore rise from 33.9 percent in 1982 to 58.4 percent in 1983.

Ordnance (DM630 million, +DM110 million). The amount budgeted is more than a proportional increase in order to guarantee outfitting the modern weapons systems with training and repair equipment. Moreover, the profile equipment which was estimated with this amount budgeted, for example workshop equipment, is of particularly great importance in the daily service of the army.

Vehicles (DM480 million, +DM105 million). The amount budgeted, which in 1982 was reduced because of the priority of the new weapons systems, is clearly on the rise again. Thus, it will be possible to procure trucks of the successor vehicle generation with the agreed-upon smallest acceptance quantities. This is also true of the 5-ton truck, delivery of which in 1982 has to be temporarily postponed.

Telecommunications material (DM500 million, +DM105 million). The amount budgeted is again at the level of the 1981 budget after it had to be reduced in 1982 in favor of procuring the new weapons systems. The telecommunications profile equipment is clearly obsolete and must be progressively replaced by modern equipment.

The amounts budgeted for engineering material, ships and the Alpha Jet can be reduced. This is in line with the progress in the procurement programs. Extensions are not part of this. For combat tanks it is the same as last year's budgeted amount of DM2,100 million. Procurement of the Leopard 2 combat tanks is to be continued with the fourth lot.

The costs of the new weapons generation in 1983

will increase to a total of:	DM69.41 billion
Of this, by 1982 this amount will be paid:	DM35.85 billion
To be paid between 1983 and 1985:	DM22.21 billion
To be paid from 1986 on:	DM11.35 billion."

Budget Draft 1983 compared to 1982:	Amount Budgeted in 1982 in millions of DM	Amount Budgeted in 1983 in millions of DM	Increase/ Decrease in millions of DM
Expenditure Categories	Share of total limit	Share of total limit	in percent
Sum of all operating expenditures	29,209.415 66.0 percent	30,094.043 65.3 percent	+ 884.628 + 3.0 percent
--Personnel expenditures (chief group 4 in the budget)	18,543.203 41.9 percent	18,657.814 40.5 percent	+ 114.611 + 0.6 percent
--Material maintenance and operation (budget groups 552/553)	4,158.465 9.4 percent	4,456.840 9.7 percent	+ 298.375 + 7.2 percent
--Other operational expenditures ⁺ (Priority groups 51-54, parts of chief group 6)	6,507.747 14.7 percent	6,979.389 15.1 percent	+ 471.642 + 7.2 percent
Sum of all expenditures invested for defense	15,051.879 34.0 percent	15,986.517 34.7 percent	+ 934.638 + 6.2 percent
--Research/Development/Testing (including advances and allocations to research institutes)	1,659.719 3.8 percent	1,823.600 4.0 percent	+ 163.881 + 9.9 percent
--Military procurement	11,308.480 25.5 percent	12,003.845 26.0 percent	+ 695.365 + 6.1 percent
--Military facilities (buildings including NATO infrastructure)	1,815.000 4.1 percent	1,870.500 4.1 percent	+ 55.500 + 3.1 percent
--Other investments ⁺⁺	268.680 0.6 percent	288.572 0.6 percent	+ 19.892 + 7.4 percent
Total ceiling limit, Individual Plan 14: (BMVg's department)	44,261.294 100.0 percent	46,080.560 100.0 percent	+1,819.266 4.1 percent

+Other operational expenditures are, for example, food, fuel, rents for telecommunication lines and EDP facilities, management of real estate including energy requirements, construction upkeep, payment of administrative costs to the Laender, maintenance security for individuals subject to military duty and their families, NATO contributions, training and exercise operation.

++Other investments are, for example, land acquisition, development measures, acquisition of equipment (for example, for test sites) and vehicles for administrative purposes (for example, service and work vehicles).

Source of the above cited figures is likewise BMVg.

12124

CSO: 3620/28

NEW ATTITUDE TO DEFENSE DISCERNED IN WOERNER'S SPEECH

Hamburg DER SPIEGEL in German 25 Oct 82 p 32

/Text/ Defense Minister Woerner courts popularity among the armed forces by promotions and a new attitude.

An army bugler blew "shipshape for combat," when U.S. Ambassador to Bonn Burns entered the great hall of Hagen City Hall last Wednesday. Applause rang out from 400 generals, admirals and colonels, assembled there for the 26th Bundeswehr Commanders' Conference.

Arthur Burns had wiped tears off his face when taking leave of Helmut Schmidt. At this present moment he immediately acknowledged the signal. He announced to the top West German officers what his President Ronald Reagan expects from Helmut Kohl and his conservative-liberal team.

"My Administration," Burns lectured, "has come to doubt the benefits of detente." That was entirely to the liking of the general officers. Burns went even further: The misunderstandings that had lately plagued relations between Washington and Bonn would have to be quickly removed. That was the ambassador's message, and his prescription ran something like this: More spending on defense in Europe also, expansion of NATO interests beyond "the region formally designated in the Treaty."

Burns asserted that the Europeans' appreciation of these issues had indeed increased, "but deeds have lagged behind words." Are, by any chance, German soldiers now to go to the Persian Gulf?

Defense Minister Manfred Woerner realized, as soon as he took up office, that the Reagan Administration would not delay in confronting the new Bonn rulers with new requests.

His planning staff had compiled for him the list of American wishes. It includes the mustering of new reservist units to support American combat divisions, the shifting of American troops from West German conurbations to the inner-German border and, lastly, a greater commitment of the German Navy in the case of conflicts in the Persian Gulf region.

Woerner's planners calculated that, altogether, an additional DM10 billion in the next few years tends to be an underestimate rather than an overestimate.

Some time ago U.S. Defense Secretary Caspar Weinberger requested the NATO Allies to raise their defense budgets by at least 3 percent per annum--adjusted for inflation. Contrary to the assertion of Hans Apel, Woerner's predecessor, this request has by no means been dropped. In fact NATO Supreme Commander Bernard Rogers insists on 4 percent more in order to enable him to realize his new concept of operations.

The U.S. General wants to do more than defend against a Soviet attack directly at the borders. He actually wishes immediately to deploy the new precision weapons to bomb assembly and supply centers in the enemy's hinterland, that is the GDR and Poland, and thus bring a second Soviet wave to a stop.

At his first appearance before the commanding officers Woerner therefore tried to restrain the unduly great expectations of the Americans and the FRG Armed Forces. Finance Minister Gerhard Stoltenberg had warned him early on that he would have to be satisfied with the old budget appropriations that had been passionately assailed by the Christian Democrats in opposition. Stoltenberg told Woerner: "I cannot just print money."

In contrast to Apel who used to scare the Americans with a blunt "no," Woerner wants to try the soft approach ordered by Kohl. He told his commanders that he would "very energetically" champion German interests and continued, very much in Kohl's manner: "But just that is possible only in a climate of reciprocal confidence and the unswerving consciousness of our basic community of values."

Going by Burns' message, Reagan and Weinberger are unlikely to be impressed. Woerner, therefore, intends as a first gesture to add DM20-40 million, so that the Americans may begin shifting their forces to the inner-German border.

Woerner calls this "setting signals." However, he adds: "We will not be able either to meet all U.S. expectations."

The new minister intends to find the money by transfers already approved by Stoltenberg. The costly aircraft, tank and ship construction programs (only DM28 billion of the DM65 billion have so far been paid out) are to be stretched so as to satisfy the United States, recruit more volunteers, improve training and exercise operations and once again pay overtime. In the near future 1,500 junior leaders and officers may expect promotions.

Not much else is going to happen. Woerner says: "Money is short and will continue short."

The generals, rather well paid in contrast to the conscripts, did not like the message but were consoled by Kohl and Woerner's conciliatory attitude.

Inspector General Juergen Brandt rejoiced: "For the first time in 27 years" has military service been described as "honorable service."

11098

CSO: 3620/61

ARMED FORCES COMMANDER SEES POWERS INCREASING BALTIC CONCERN

Helsinki HELSINGIN SANOMAT in Finnish 19 Oct 82 p 10

[Article: "General Sutela: Northern Portion of Baltic Sea Has Become Subject of Military Interest"]

[Text] According to General Lauri Sutela, commander of the Finnish Defense Forces, the submarine incidents of recent months in waters close to Finland serve to remind Finns that Finland does not exist in a vacuum.

General Sutela said at the opening of a national defense course in Helsinki on 18 October 1982 that the military-strategic center of gravity of the Baltic area continues to be in its southern part. In addition to the boundary area between NATO and the Warsaw Pact and the vicinity of the Danish Straits, military interest appears to be exhibited in the northern part of the Baltic Sea as well as in the Nordic cap.

In the general's opinion it is clear that "conclusions are being drawn during peacetime concerning Finnish preparedness and ability to safeguard Finland's inviolability as well as Finnish possibilities of defending Finnish territory in a crisis situation."

"The surveillance of the Finnish boundaries is part of the workaday security policy that the Defense Forces perform every minute of the day together with the Border Guard Establishment. The more adequately that we carry out that function so much the more reliable becomes the defense policy that we are practicing," Sutela said. Sutela touched also upon the criticism that in recent times has been directed at the Defense Forces.

"With us here in Finland the concern over a nuclear war appears in some quarters to have become condensed into an attitude which displays itself as criticism of Finland's defense policy, the belittling of Finland's defenses and of the adequacy of civil defense, and even as demands for unilateral disarmament supposedly to set an example for others. Sometimes it appears also that the armed forces of a small neutral nation that are clearly of a defensive nature are purposely likened to the armies of the great powers having attack capabilities. As an independent nation, and as obligated by treaties, Finland is responsible for the maintaining of its defenses to the extent of its capabilities. To our good fortune we here in the North have not been drawn into the maelstrom of crises. Nor do the military-political prospects or the evaluations of our own position indicate that serious crises could be expected in this area in the near future."

1955

POLL FINDS POTENTIAL WIDESPREAD SUPPORT FOR A GREEN PARTY

Helsinki UUSI SUOMI in Finnish 10 Oct 82 p 5

[Article: "UUSI SUOMI Study Confirms: Disagreement between politicians and public; one of five would vote for green party"]

[Text] One out of every five Finns would vote for a so-called green party if such a party existed. Further, 44 percent feel that a party that stresses natural conservation and soft social values would be useful.

This information comes from a study commissioned by the UUSI SUOMI and conducted by the Taloustutkimus Oy [Economic Research Corporation]. According to that study, people feel that considerably more disagreement exists between politicians and the public than, for instance, in the traditional schism between employers and employees.

Politics that are closer to the humane qualities are yearned for particularly in the large cities of southern Finland. Those who feel most alienated from the existing parties are the youth, those under 24 years of age, of whom more than one-half feel that a "green" party is needed and of whom 31 percent would vote for such a party, if one existed.

Of the existing parties, practically none attempt to promote matters that are close to the people, such as natural conservation. Somewhat less than one-fifth feel that, of the nonsocialist parties, the Center Party best carries out "green" objectives. Of the socialist parties, fewer than one-fourth feel that the social democrats have best promoted these objectives.

Typical behavior, as shown by the Gallup Poll, was that the supporters of each party most frequently named their own party as the promoter of "green" objectives. Thus, 31 percent of the Center Party supporters, 31 percent of the Social Democratic Party, 14 percent of the Conservative Party, and 19 percent of the SKDL each considered their party to be the best proponent of the green matters.

The increasing of an individual's ability to influence matters that pertain to the individual himself has risen quite notably to greater importance in the minds of people than has economic growth and well-being.

Fully 58 percent of Finns consider the increasing of one's ability to exert influence to be more important, and only 29 percent place economic well-being ahead of that. Dissatisfaction with the ability to exert influence was equally prevalent in the cities and the countryside.

The view that disagreement still prevails between employers and employees is held by 56 percent of Finns. That view was held by 60 percent of the women and 52 percent of the men.

The communists, of whom two-thirds felt disagreement exists in either especially or fairly great amount, cling also in greatest degree to the traditional class distinctions. Less than half, 48 percent, of the Conservative Party supporters felt the same.

The view that disagreement in especially great or considerable degree exists between politicians and the public is held by 70 percent of Finns. This view is held by the supporters of all the parties, but in greatest degree by the communists, of whom 81 percent are so inclined.

One out of four of those who feel that the schism between politicians is truly deep, or that the amount of disagreement is particularly great, would vote for a green party. Of those who see a considerable amount of disagreement, 22 percent would vote for a new alternative.

Of all those who have noted disagreement between the politicians and the public, nearly one-half feel that a green party is needed.

This opinion study was conducted during the period 6-24 September 1982 as part of the omnibus study. A total of 922 persons were interviewed. The study materials were weighted in normal fashion against Finland's official statistics.

5955

CSO: 3617/11

OFFICERS ASSOCIATION DECRIES LACK IN AIR FORCE SUPPORT FORCE

Oslo AFTENPOSTEN in Norwegian 22 Oct 82 p 20

[Text] "We are astonished at the claimed shortage of fliers in the armed forces," said the secretary of the Norwegian Officers Association, Jan Braten, to AFTENPOSTEN. "Our opinion is that the biggest problem is the lack of ground personnel, for example on Andoya, where the situation is rapidly approaching a real crisis in keeping the Orion aircraft operational."

There was strong irritation among service personnel after the defense leadership, without any agreement with the personnel, removed the readiness guard system and replaced it with overtime. A meeting on the guard system will be held with the defense leadership on 26 October.

"We believe that campaigns such as the aviators leaving the armed forces seem to crop up every time there are pay negotiations," said Braten, and he showed that in the defense budget for 1983 the number of flying students which will be taken into the air force, coast guard and life saving service is reduced from 50 to 40. The explanation in the defense budget is partly that there have been fewer departures than expected from the armed forces to civil aviation companies, and partly that they expect to feel the effect of the extension of compulsory service for aviators from 6 to 8 years.

According to the Norwegian Officers Association the problem is not the lack of fliers, but the lack of ground personnel, and that is not covered in the budget. The situation is difficult at several stations, but on Andoya it is most critical, said association secretary Braten. The circumstances were worsened after the readiness guard system was removed and replaced by overtime.

"That created strong irritation among our personnel because they have fewer opportunities to use their free time. Many have started to talk about leaving," said Jan Braten.

5287

CSO:3639/19

UNSUCCESSFUL SUB SEARCH SPARKS FUNDS DEBATE AMONG FORCES

Stockholm DAGENS NYHETER in Swedish 24 Oct 82 p 5

[Article by Harald Hamrin]

[Text] From all indications a broad defense policy and security policy debate is getting under way in Sweden after the fruitless submarine hunt.

It concerns among other things one of the central questions to be balanced out in our defense policy--that between defense against invasion in wartime and the preservation of neutrality in peacetime.

In political circles it is primarily the Moderates and in military circles the navy that are openly pushing to heighten our "incident preparedness" in peacetime. But the picture is not entirely clear.

For example, the Social Democratic ARBETET in Malmö has on two occasions recently called for a better border protection and better resources for the navy, although it is uncertain whether the paper reflects the views of the party leadership in that.

What makes the whole question so extremely touchy is that it confronts the political and military leadership in Sweden with extraordinarily difficult alternatives: either to increase the armed forces' total resources in a time of economic crisis, or over the long term to alter the division of resources between the services which has existed in the main since the "historic" defense resolution of 1958.

There is also, of course, a third possibility: to let everything remain the same. The general impression, however, is that such a solution will hardly suffice in the long run.

Fruitless

What brought the question to the fore most recently, of course, is the fruitless hunt for one or more foreign submarines among the rocky islets south of Stockholm.

Part of the picture is also the increasing number of "gross" submarine violations in recent years--especially that in the area of the main reef of Stockholm's reefs in the summer of 1980 and the Soviet Submarine 137 which ran aground off Karlskrona in the fall of 1981.

And by way of general background we must point out the increasing military strategic importance of Scandinavia since the beginning of the 1960's--a thing that has found expression both in the powerful Soviet naval build-up in the Baltic and around the Kola Peninsula and in several NATO measures in response in Norway and the North Atlantic.

That is the reason that the Social Democratic ARBETET, in an editorial last Saturday, called for the "submarine commission," whose directive was published Friday, "to examine critically the division of resources within the Swedish armed forces and quickly arrange the redistributions that are necessary."

ARBETET openly asserted that "the navy has too small resources" in comparison to the other branches of the armed forces. The paper also said that the distribution had been largely "unshakable" since the defense resolution of 1958, "just as if the security policy situation were eternal and unchanging."

But voices are also raised in warning against drawing too quick conclusions from the events of the immediate past. One of those voices is that of General Nils Sköld, commanding general of the army.

Taken Into Account

"Nothing new has been added that was not known when the last defense resolution was formulated," he tells DAGENS NYHETER. "What is new is that the reality in which we live has been more dramatically made clear to the public."

What Sköld means, in plain words, is approximately this: All factors that are taken in today's debate as substantiation of the need of a redistribution of resources between the army, air force, and navy were already known when the last 5-year plan for defense was formulated.

They are thus already taken into account in that resolution and so cannot be used as arguments "yet again."

This is a view that is absolutely not shared by the head of the navy, Admiral Per Rudberg. In answer to the question whether he considers that incident preparedness and neutrality protection should be strengthened, he told DAGENS NYHETER:

"Yes! The course of events has been that during the last 15-20 years our immediate subroundings have been 'maritized.' And we are living much more 'exposed' today."

According to Rudberg the conclusions that should be drawn from this apply to the armed forces as a whole.

"But in peacetime the navy and the air force are more directly affected by this in our daily activity," he says.

For example, to be able to build up quickly--within the next 5-year period--an antisubmarine force that is effective enough to have a deterrent effect would require, according to Rudberg, a quintupling of the amount (200 million kronor) recently proposed specifically for that purpose.

The background for these polemics between the army and navy chiefs--which, by the way, exploded quite openly in the form of interviews in yesterday's DAGENS NYHETER--is to be sought nearly 25 years back in time.

The 1958 defense resolution established the division of resources among the three services that largely prevails today. Thus today the navy gets about 15 percent, the army 38 percent, and the air force 34 percent of the total military budget.

For the navy the 1958 resolution involves a sharp cutback, which resulted among other things in the forced "scrapping" of the big warships. The last destroyer, "Halland," was put in mothballs only a few weeks ago.

Moreover, a later defense resolution, in 1972, involves the navy's having to renounce one of its previous principal missions--to protect Swedish ship convoys in time of war or crisis and so protect our import and export sea-routes. That mission is to be accomplished by "other means," as it is stated.

Basically, therefore, it is the wisdom of these two defense resolutions that has now begun to be debated--i.e., the resource division among the three services and the relative weight that should be allotted to defense against invasion in wartime and to safeguarding neutrality in peacetime.

On the latter point the navy's advocates--though not Admiral Rudberg in the interview with DAGENS NYHETER--point to the defense resolution that the Riksdag adopted this spring. In it a statement was stricken out that until then had been repeated in every defense resolution of recent years: "Defense against invasion shall be the most important mission of the armed forces."

The omission was justified from several quarters by the argument that that statement was so obvious that it did not need to be repeated. But military officers with whom DAGENS NYHETER has talked say that the navy's representatives in internal discussions within the armed forces leadership are now taking that omission--together with the submarine violations of recent years--as a basis for their demands for new and increased resources.

Violations

Quite certainly the debate has only just begun. In a speech Wednesday [24 October] in Karlskrona General Lennart Ljung, commander in chief of the armed forces, said in a comment on the coming work of the "submarine commission":

"I think it is natural that in this investigation the important balancing of defense against invasion on the one hand and protection against peacetime violations on the other will also be considered."

Admiral Bengt Schuback, former chief of the defense staff and since October commander of the southern military district, discussed the same matter in a speech in Malmö a little over a week ago.

After having stated that our antisubmarine capability and our antiaircraft defense must be strengthened, he emphasized that Sweden and its coasts must be defended and patrolled "even in the deepest peace."

"The air force has not gotten so much involved," says a military source with insight into the debate. "The army has also lain low; it feels a little hemmed in."

But it is possible that the situation will change soon. The "squabble" between the army chief Nils Sköld and the navy chief Per Rudberg in yesterday's DAGENS NYHETER may be a first indication of that.

Riksdag Member Mats Hellström, one of the Social Democrats' security policy experts, says he will issue a "general comment."

"But when we voted no in the Riksdag to the JAS [pursuit-assault-reconnaissance plane; = MRCA, multi-rôle combat aircraft] project, it was partly from misgivings about the unforeseeable consequences--that the JAS would be a young cuckoo that would force the other services out," says Hellström.

He also states that in its general "defense doctrine" Sweden insists that the most important mission of the armed forces is to prevent war. According to Hellström this includes an intimation that our incident preparedness must be such that we can make those around us realize that we are capable of defending our neutrality.

Riksdag Member Carl Bildt, the Moderates' security policy expert, says, on the other hand, that it is time to "reevaluate the incident and preparedness function."

"We must devote greatly increased attention to that," he tells DAGENS NYHETER.

He also criticizes the commander in chief for "how remarkably little weight" the latter has placed thus far on submarine chasing in peacetime.

8815

CSO: 3650/26

ARMED FORCES CHIEF ACTS TO EASE DISPUTE AMONG DEFENSE ARMS

Stockholm DAGENS NYHETER in Swedish 24 Oct 82 p 5

[Article by Bengt Lindström: "Unfortunate Time for Disputes"]

[Text] "It is a very ill-chosen time for disputes between the heads of the different services."

That is what General Lennart Ljung, the commander in chief, told DAGENS NYHETER Saturday.

The commander in chief's comment came after the army chief, General Nils Sköld, accused the navy chief, Admiral Per Rudberg, in Saturday's DAGENS NYHETER, of carrying on "sob propaganda" to get bigger appropriations for the navy for antisubmarine work.

"We shall wait with the answer to how antisubmarine work shall be organized in the future until we have gotten the whole course of events in the Hårstfjärd analyzed," says Lennart Ljung.

"Indeed, I am personally quite sure that we need a reorganization. There is a great deal to indicate that. But we must wait to say how that is to be done.

"To carry it out in the present situation is premature, and we run the risk of damaging both the will to defend ourselves and the defense forces.

"I have great confidence in former minister of defense Sven Andersson and the other members of the commission that is to evaluate the events in the reefs south of Stockholm, and I am convinced that the commission can stand against any pressures and attempts at persuasion.

"There is thus no occasion for kicking up a row now. I should like to parody a Norwegian saying that dates from the union crisis: We shall not only hold together but also hold our tongues until it is time to act," says Commander in Chief Lennart Ljung.

8815

CSO: 3650/26

KOUROU SOURCE REPORTS TIMETABLE OF FAILED ARIADNE LAUNCH

Planned Timetable

Cayenne LA PRESSE DE GUYANE in French 9 Sep 82 p 1

[Text] Ariane: Launching tonight at 11:12 p.m. Nine years after the adoption of the program, the first operational launch is still scheduled for this evening at 11:12 p.m. (local time). In the commercial war that pits it against the Space Shuttle, the European launcher had a slight head start of 2 months. In fact, the next American flight is planned for early November.

The last launch of Ariane was 20 December 1981. The April launching had to be postponed until September because of anomalies that developed on Marecs A.

Before putting Marecs B into orbit (see p. 3), a certain number of modifications had to be made so as to avoid new problems.

Marecs B, a maritime telecommunications satellite, will be the source of one constraint. Considering its injection window, the launch interval will be only 45 minutes, between 11:12 p.m. and midnight. In case of difficulty, the launch will be postponed until the following day.

Sirio-2, also a satellite of the European Space Agency, will be the second passenger aboard Ariane. It should ensure a better diffusion toward Africa of metrological data and the intercontinental synchronization of atomic clocks (see p. 3).

A third point of interest for tonight's launch: It will be the first operation of the double launching system Ariane-Sylda, which will allow the rocket to put two independent payloads into geostationary orbit.

The Launch Schedule

It begins at T minus 27 hours for the entirety of the Ariane launching.

The main stages of the schedule are:

T minus 26 hours 30 minutes, activate the "control bench" (BCL) and automatic control of BCL equipment.

From T minus 24 hours 20 minutes to T minus 20 hours 30 minutes, N2O4 fueling of the first and second stages of the launcher.

From T minus 18 hours to T minus 13 hours 40 minutes, a-symmetrical dimethylhydrazine fuelling of the first and second stages of the launcher.

From T minus 10 hours 10 minutes to T minus 5 hours 40 minutes, launcher preparation (including aspect control, withdrawal of mechanical security, mounting flame shields,...) and preparation for tower withdrawal.

From T minus 8 hours to T minus 7 hours, transmission telemeterings payload.

From T minus 7 hours to T minus 5 hours 30 minutes, start and fuel inertial system.

T minus 5 hours 40 minutes, tower withdrawal.

T minus 5 hours 30 minutes, begin purification and pressurization of the third stage.

From T minus 4 hours 30 minutes to T minus 3 hours, pressurization of helium spheres of the second stage.

From T minus 4 hours 30 minutes to T minus 4 hours 10 minutes, telemetry transmission launcher, including CAT for stations CSG.

T minus 2 hours 50 minutes, begin fuelling of the third stage (LO₂ and LH₂).

From T minus 2 hours 05 minutes to T minus 1 hour 05 minutes, pressurization of reservoirs of first and second stages of flight levels.

T minus 1 hour 45 minutes, functional controls type IV of the launcher. Begin radio silence "launcher and payload" for display of telemetering stations of the CSG. End fuelling of third stage. Begin pressurization of helium sphere of the third stage.

T minus 1 hour 05 minutes, begin full complements of third stage; end radio silence (launcher and payload).

T minus 57 minutes, implement "telemetry + radar responder + remote control" of the launcher.

T minus 40 minutes, load flight program.

T minus 17 minutes, end pressurization of helium sphere of the third stage.

minus 10 minutes, mount spogee motor Marecs-B.

T minus 7 minutes, all systems go.

T minus 6 minutes, start up synchronized sequence, transfer payload equipment on fuelling side.

T minus 5 minutes 30 seconds, begin the synchronized sequence.

T minus 1 minute, transfer launcher equipment on fuelling side.

Flight sequences:

T minus 9 seconds, unbolt inertial system.

T minus 4 seconds, unbolt system plates and cryogenic arms.

T minus 0.2 seconds, report withdrawal of cryogenic arms.

0, firing of first atage.

3.4 seconds, liftoff.

23 seconds, end of vertical climb and beginning of tilt angle.

2 minutes 27 seconds, mid-thrust monitoring of the first atage and extinction of the first stage.

2 minutes 30.1 seconds, firing of acceleration rockets of the second stage.

2 minutes 32 seconds, half of separation; firing of retrorockets of the first stage.

2 minutes 33.7 seconds, ignition of second stage.

2 minutes 35.8 seconds, nominal thrust of the second stage.

2 minutes 40.1 seconds, release of acceleration rockets of the second stage.

2 minutes 42.7 seconds, end of phase with no influence; begin guided phase; rocking maneuver.

4 minutes 18.7 seconds, release hood.

4 minutes 48.9 seconds, beginning of extinction of second stage.

4 minutes 49 seconds, firing of acceleration rockets of third stage.

4 minutes 54.5 seconds, two-thirds of separation; firing of retrorockets of the second stage.

4 minutes 58 seconds, ignition of third stage.

5 minutes 01 seconds, nominal thrust of third stage.

5 minutes 09 seconds, release of acceleration rockets of the third stage.

5 minutes 25 seconds, self-destruction of the second stage.

6 minutes 12 seconds, launcher pick up by the Natal station (tracked up to 13 minutes 18 seconds).

12 minutes 02 seconds, launcher picked up by the Ascension Station (tracked until 21 minutes 50 seconds).

14 minutes 8 seconds, speed of injection reached; start sequence to stop third stage.

14 minutes 10 seconds, stabilization by the Roll and Attitude Control System (SCAR) of the attitude of the multi-stage rocket in the nominal direction of the injection.

15 minutes 33 seconds, placed in spin rotation at [number missing] revolutions per minute.

15 minutes 58 seconds, separation of Marecs-B.

16 minutes, separation of Sylva upper portion.

16 minutes 2 seconds, separation of Sirio-2.

16 minutes 43 seconds, beginning of separation maneuver of the third stage.

Events of Failure

Cayenne LA PRESSE DE GUYANE in French 10 Sep 82 p 1

[Text] The two satellites Marecs-A and Sirio-2 are probably at the bottom of the Atlantic. The first stage operation of Ariane, begun in euphoria, ended in failure.

A loss of speed, overcome during the propulsion phase of the third stage shortly after T plus 8 minutes 40 seconds, prevented the two passengers aboard the European launcher from being put into orbit. Possible explanations for this incident are motor failure of the third stage or system failure.

This second of a five-stage operation is damaging to Ariane in the commercial rivalry pitting it against the American space shuttle.

And yet, all had begun well at the space center of Kourou. Potential customers and numerous foreign dignitaries of the Jupiter satellite; ideal weather; the perfect countdown.

0 hour: ignition, then liftoff at T plus 3.4 minutes. Operations proceed without problem. T plus 2 minutes 33 seconds ignition of the second stage; T plus 4 minutes 8 seconds release hood; T plus 4 minutes 5 seconds separation of the two-thirds stage; T plus 4 minutes 58 seconds ignition of the third stage...

Frederick d'Allest, general director of the National Center for Space Studies, revealed the following events during the press conference held at the Hotel des Roches at one o'clock in the morning: "The launcher functioned perfectly until the moment it disappeared from the horizon of the telemetering station at Kourou. All measurements for which we had immediate analysis are completely correct. The relay was then taken up by the Natal station (Brazil), with a slight lag, then by that of Ascension, which was able to record the launcher only for a few seconds. And telemetry was difficult, for the simple reason that the launcher was very low on the horizon as seen from Ascension. This leads us to conclude that the anomaly occurred between T plus 8 minutes 4 seconds, the moment of the normal passage from the horizon of Lourou and the pick-up by the station at Ascension.

To make a preliminary judgment about this anomaly, we need the analysis of the telemeter tapes from Natal, which will be delivered by plane this afternoon.

We should have more information this evening after the press conference scheduled for 6:30 p.m.

Whatever the reason, at T plus 4 minutes 58 seconds, the engine of the third stage ignited perfectly. It was to function for 570 seconds, or almost 10 minutes. One fact is certain: No problem occurred until T plus 8 minutes 40 seconds. After that, we must await the analysis. At that moment, the rocket was at an altitude of 180 kilometers and had reached a speed greater than 6,000 meters per second. The incident slowed the rocket and drove it to a trajectory lower than that aimed for, making it impossible to put it into orbit.

Marecs-A and Sirio-2 have very probably fallen into the Atlantic.

While waiting for more information, those in charge of the program have not denied "that failure is a severe blow that can only make commercial negotiations more difficult in the future (...). But what is important for the client is knowing the reasons for the failure. A precise, detailed investigation will be conducted.

It is a failure that, from all indications, does not call into question the development of Ariane II and III. As for the launching of Ariane L6, initially planned for November, no decision has yet been made tonight.

9955

CSO: 3519/24

LIST OF FOREIGN DELEGATIONS TO KKE (INT) FESTIVAL

Athens I AVGI in Greek 28 Sep 82 p 3

[Text] At this year's "Avgi-Thourion" Festival there were more foreign delegates than any other year; also there were very many communist and socialist parties, liberation movements and organizations which presented greetings.

The following greeted the festival:

1. A delegation from the Cypriot socialist party EDEK.
2. Comrade Risto Lazarov, editor of KOMUNIST, a periodical of the League of Communists of Yugoslavia.
3. Comrade Nicolae Popescu, editor of SCINTEIA, central organ of the Communist Party of Romania.
4. Comrade Zorde Borca, member of the Spanish Communist Party Central Committee, in charge of Local Self-Administration.
5. Comrade Pancratsi De Pasquali, member of the Italian Communist Party Central Committee and Eurodeputy.
6. Comrade Candiano Falaschi, first political editor of L'UNITA, Italian Communist Party newspaper.
7. Comrade Michael Ward, lieutenant mayor of London, cadre of the British Labor Party.
8. Comrade Lydia Benapatse, member of the Central Committee of the Italian Proletarian Unity Party, municipal councillor for Rome.
9. Comrade Bondil Boterup, Eurodeputy from the Socialist People's Party of Denmark.
10. Delegates from the Libyan Jamahiriya.
11. Delegation of the Iraqi Baath Party.

Moreover, representatives from the following movements and organizations were present:

1. Delegation from El Salvador, headed by Comrade Guillermo Oungo, president of the Democratic Revolutionary Front and Comrade Anna Maria Echeverria, representative to Greece of the Farabundo Marti National Liberation Front.
2. Delegation of the Chilean liberation movement.
3. Liberating Movement of Turkey and Kurdistan "Kourtoulous."
4. Turkish revolutionary organization "Dev Yol."
5. Iranian "People's Mutzahedin."
6. Iranian "People's Fedayan."
7. Democratic Party of Iranian Kurdistan.
8. People's Revolutionary Movement for the liberation of Armenia.
9. Namibian "Synapo" Liberation Movement.
10. African National Congress of South Africa.

Messages of greeting were sent by the following:

1. PEOPLE'S DAILY, organ of the Chinese Communist Party.
2. Swedish Communist Left Party.
3. Communist Party of Belgium.
4. Communist Party of Australia.
5. French Socialist Party.
6. Norwegian Socialist Left Party.
7. Algerian National Liberation Front.
8. The front for liberation of the western Sahara, "Polisario."
9. The People's Liberation Front of Eritrea.
10. The Eritrean Liberation Movement.
11. The editorial staff of the French periodical "Communist Encounters."

9247

CSO: 3521/31

CONSTANT PRESS ATTACKS ON CHURCH REGRETTED

Athens I KATHIMERINI in Greek 7 Oct 82 p 8

[Excerpts] The state mechanism was mobilized to protect the authority of justice because of TA NEA's intention to publish the "Papakaryas report." Moreover, the related publications were prohibited and compulsory silence was imposed by use of laws from the 1936 dictatorship. Even though they were contrary to the spirit and letter of freedom of the press, the measures, since they were intended to protect the authority of justice, in our opinion met with a very general approval of the public or, at any rate, the great majority which agrees with Georgios Papandreou's maxim that "justice is the fortress of the republic."

Our question is another. While the state--under whatever controllers--shows so much sensitivity when other authorities are touched, why is it completely indifferent about the church? What authority and what power has ever suffered such an assault and received so much damage from the columns of a certain part of the press as the church? None, ever. Because if it were this authority, with such aggressive hatred reinforced by other mediums aside from the press, like the theater, the cinema, radio and television, it would have fallen, it would have disappeared. The church remained and triumphed because it is not a worldly organism. And for the more skeptical, this is the clearest proof of the miracle.

The anti-ecclesiastical chord in the press and other means of communication is something about which only we Greeks can "brag." In no other part of the world has such an assault been noted, not even in the Iron Curtain. The far more honest authorities in athiestic regimes have never followed such dirty and one-sided tactics, nor have they in the free regimes of the West.

Here, when there are no scandals, we "uncover" them with a methodical system. All it takes for something to become fact in the "columns" is for it to be heard and to come from the most irresponsible sources. No one denies that, in a world of about 30,000 people, clergymen and monks, it is natural for deviations to be noted. The men of the church are not a society of angels on earth. But the lens, with its magnifying property, inflates scandals and makes them all horrible in dimensions, truly or falsely, so that even the official state mediums end up talking about "the church's excessiveness, its corruption, its conservatism."

This is the complaint of the people who ached for the church and who are the simple faithful, without capacity and titles: that they have never heard any representative of the law talk about the persecution of the Greek Orthodox Church.

BRIEFS

DELEGATION TO LEBANON--Beirut, 7 October, ASSOCIATED PRESS, French Agency--A five-member committee of Greek experts is visiting Beirut today to ascertain the conditions existing in Lebanon and to explore the prospects opening for the country's relations with foreign countries. The committee, which passed through Nicosia yesterday, reported there in an interview that they expect to have meetings in Lebanon with leaders and with persons from the country's various political factions. The same committee will come into contact with Lebanese and Palestinians in an effort to investigate the crimes carried out by Israelis and Phalangists. [Excerpt] [Athens TA NEA in Greek 7 Oct 82 p 20] 9247

MESSAGE TO PRC--On the occasion of yesterday's thirty-third anniversary of the independence of the People's Republic of China, the KKE Interior sent to the Chinese Communist Party the following message: "To the Chinese Communist Party Central Committee. Dear comrades: On the occasion of the thirty-third anniversary of the PRC's independence, we address to you our warm wishes for every advancement and prosperity to the great Chinese people. The PRC has shown during its history that it is one of the most significant factors in shaping international relations and its people, led by the communist party, has shown what a people can achieve when it is struggling, united, to realize its high goals. Dear comrades, accept again our warm wishes, with our conviction that the Chinese people, the Chinese communists, will continue to struggle wholeheartedly for a modern, democratic and socialist China. [Signed] KKE Interior Central Committee. [Text] [Athens I AVGI in Greek 2 Oct 82 p 1] 9247

CHILEAN SECRETARY TO KKE--A. Ambatielos, member of the KKE Central Committee Politburo, met in the Central Committee offices with Anselmo Soulet, first secretary of the Chilean Radical Party, vice-president of the Socialist International and coordinator of the Chilean Left (which is made up of nine leftist parties in Chile, including the Communist Party of Chile, the MIR [Movement of the Revolutionary Left] and others). At the meeting, there was discussion of issues related to the course of the anti-dictatorial struggle in Chile and the contribution of international solidarity to the battle to oust Pinochet's fascist junta. Mr. Ambatielos assured Anselmo Soulet that the KKE will continue to offer its solidarity and assistance to the Chilean people's just struggle to oust Pinochet's criminal junta. [Text] [Athens RIZOSPASTIS in Greek 29 Sep 82 p 10] 9247

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